Russian National Security and Central Europe: Russian Perspectives and Policies

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Abstract

This thesis examines the development of Russian national security and foreign policy perspectives towards Central Europe (CE) after the collapse of the Soviet Union. The study focuses on two major aspects of bilateral relations between Russia and four states of Central Europe - Poland, Hungary, Slovakia and the Czech Republic - military-political and economic.

The ties between Russia and the states of Central European are analyzed within the framework of the regional security complex. The regional security complex concept helps bring into the analysis both internal and external influences that shape these countries' security policies. The concept also allows the idea of mutual perceptions to be brought into the analysis that helps explain Russia-CE security dynamics in the post-Cold War era.

Among the key external influences that significantly affected and shaped Russia-CE relations were the processes of NATO and EU enlargement. These are analysed closely in explaining changes and variations in Russia's CE policy. EU enlargement and the consequences for Russian-Polish relations are given particular consideration, with main focus on Russia's Kaliningrad exclave. The study is also organised around four periods that are marked by shifts in Russian security and foreign policy thinking.

Evidence presented in this study suggests that Russian foreign policy, having reached a "consensus" on the statist, "great power" foreign policy in the mid-1990s, has since shown a tendency towards a more economically driven foreign policy, although still with a good measure of geopolitical thinking. Thus, the role of Russian economic actors in shaping Russian foreign policy towards CE is closely examined. The economic interests of Russia's key economic actors – oil and gas companies – have played an important part in sustaining and moderating Russia's policy towards CE and Europe as a whole. However, it is argued, Russian economic actors encountered a number of obstacles in advancing their interests in the region, in part due to the legacy of the past and lingering unfavourable perceptions.

The thesis argues that Russia and the CE states have now left the most difficult epoch in their post-Soviet history behind. Completion of the most dramatic and sensitive changes – NATO enlargement, and Russia's grudging acquiescence to further growth of the

alliance – opened the way to a new era in Russia-CE relations. The increasing role of economic factors in determining Russian foreign policy, along with improvements in Russia's relations with the West in general, with NATO and with the EU, send positive signals to the CE states. These changes, it is argued, are bringing about the shift towards a more constructive and amicable pattern of relations between Russia and the CE states which makes the overall security environment in Europe more positively stable, predictable and durable.

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Introduction

Theory as a framework

Analysis of Russian foreign policy requires a choice to be made in favour of one or other theoretical and methodological approaches. If traditions in the study of Soviet foreign policy are anything to go by, most studies can be divided into two broad approaches – either looking at the impact of *external factors* or studying the *nature of the political system* and its influence on Soviet foreign policy. The rare attempts to combine both approaches were more 'research topics than efforts to explain or interpret Soviet foreign policy'.[1] As Christer Pursiainen observes, most of the mainstream theories and interpretations of Soviet foreign policy are reproduced in the study of Russian foreign policy, although often in slightly modified forms. Pursiainen complains that the mainstream writing on Soviet foreign policy and the spirit of the field as a whole was rather 'conservative and isolated from the general developments of International Relations and other social sciences'. Such approaches predominantly reflected the mainstream Realist approach to International Relations theory.[2]

The unit of analysis

These two approaches are known in International Relations as "third image" and "second image" respectively, and are taken to represent different "levels of analysis", as described by Kenneth Waltz in his 1959 book *Man, the State, and War*.[3] The "third image", or "international system level" deals with the constraints and opportunities of the international

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[1] Christer Pursiainen, *Russian Foreign Policy and International Relations Theory* (Aldershot: Ashgate, 2000), p. 49.
[2] *Ibid.*, p. 35; Celeste A. Wallander, 'The Sources of Russian Conduct: Theories, Frameworks, and Approaches', in *The Sources of Russian Foreign Policy After the Cold War*, ed. by Celeste A. Wallander (Boulder, Colo. Oxford: Westview, 1996), p. 2.
[3] Kenneth Waltz, *Man, the State and War* (New York: Columbia University Press, 1954).

system, whereas the "second image", or "unit level" focuses on the economic, social, and political characteristics of states.

The "first image", or "individual level" refers to the nature and behaviour of man. In the early 1970s, a fourth level, that of groups and bureaucracies, emerged as an important level of analysis in the study of international politics, to a large degree owing to Graham Allison's famous decision-making study on the Cuban missile crisis.[4] Later the field was expanded by the addition of sub-system and sub-unit levels of analysis. For more than three decades, debate about levels of analysis has been central to much of international relations theory. They were central to questions pertaining to security analysis – who or what is the referent object for security (individual or state) or to the causes of war (system structure, nature of states, or indeed human nature).[5]

These levels, as Barry Buzan explains, are objects for analysis that are defined by a range of spatial scales, from small to large, they are 'locations where both outcomes and sources of explanation can be located'.[6] Theories may suggest causal explanations from one level to another, such as top down from system structure to unit behaviour, or bottom up from human nature to the behaviour of human collectivities (they could be either firms, states, nations, or any other entities). Buzan stresses, however, that there is nothing intrinsic to levels themselves that ascribes any particular pattern or priority of relations among them. Levels are simply ontological referents for where things happen rather than a source of explanation in

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[4] Graham Allison, T., *Essence of Decision. Explaining the Cuban Missile Crisis.* (Boston: Little, Brown and Company, 1971).
[5] Barry Buzan, Ole Wæver, Jaap de Wilde, *Security. A New Framework for Analysis* (Boulder, London: Lynne Rienner Publishers, 1998), p. 5.
[6] *Ibid.*, p. 5.

themselves.[7] The problem, however, is whether the levels should be kept separate, and if not of how the levels interact and how this interaction can be explained.

As K. J. Holsti argues, each level of analysis makes a contribution, but each fails to account for certain aspects of reality that must be considered. Writing in the 1960s, Holsti argued that one could not understand Soviet foreign policy adequately by studying only the attitudes and values of its Foreign Minister, nor was it sufficient to analyse Soviet social and economic needs. Various aspects, such as ideological considerations, and the general configuration of power, influence, domination, and subordination throughout the world needed to be taken into account. Holsti wrote that the main characteristics of the external environment are no less important than the state's internal development. His conclusion was that all levels of analysis would be employed at different times, depending upon the type of problem to be analysed.[8] Later studies of Soviet and post-Soviet foreign policy, as Wallander points out, reflect such an approach. A framework for the explanation of Russian national security and foreign policy, she argues, should include theories of regime type, the role of ideology in foreign policy, leadership politics, bureaucratic and interest group politics, the external security environment, and the constraints and opportunities of the international economy.[9]

Security

The level-of-analysis debate in international relations is connected with the debates around neorealism, as its 'realities' - whatever one chooses to concentrate on – subunits, subsystems or systems - are either within states or made up of states. The question of security is traditionally thought of in terms of the survival of states in an anarchic self-help system. The

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[7] *Ibid.*
[8] Kalevi J. Holsti, *International Politics. A Framework for Analysis.* (Englewood Cliffs, N.J: Prentice-Hall, 1967), quoted in Christer Pursiainen, *Russian Foreign Policy and International Relations Theory* (Aldershort: Ashgate, 2000), p.86.
[9] Wallander, 'The Sources of Russian Conduct,' p. 2-3.

straightforward conclusion from this was that the survival of a state in such an environment is best served by power maximisation, with the military element pre-eminent.

Such a 'narrow' understanding of the security of states, reinforced by the military and nuclear agenda of the Cold War, was increasingly challenged by the rise of economic and environmental issues in international relations in the 1970s and 1980s. With the end of the Cold War new concerns entered the security debate, giving prominence to problems of identity, for example, or to transnational crime. Thus the academic argument unfolded between those who traditionally gave preference to a narrow definition of security in terms of 'the threat of the use of force', and those who campaigned for widening the concept of security to allow non-military issues to achieve 'security status'. While it is beyond the scope of this chapter to offer a detailed analysis of the evolution of the security debate, this study draws its analytical foundation from the approach developed by Barry Buzan, a self-confessed 'widener', who nonetheless argued for retaining a distinctively military subfield of traditional security, or strategic studies within a wider security studies field.[10] In his influential work *People, States and Fear: an Agenda for International Security Studies in the Post-Cold War Era*, Buzan identified five sets of security issues, or as he calls them 'sectors' – military, political, economic, societal and environmental. The introduction of sectors keeps the scope of inquiry to more manageable proportions by reducing the number of variables in play. Buzan gives the following definition of these sectors:

> Generally speaking, military security concerns the two-level interplay of the armed offensive and defensive capabilities of states, and states' perceptions of each other's intentions. Political security concerns the organizational stability of states, systems of government and the ideologies that give them legitimacy. Economic security concerns access to the resources, finance and markets necessary to sustain acceptable levels of welfare and state power. Societal security concerns the sustainability, within acceptable conditions for evolution, of traditional patterns of language, culture and religious and national identity and

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[10] Barry Buzan, *People, States and Fear: an Agenda for International Security Studies in the Post-Cold War Era*, 2nd edn (Boulder: Lynne Rienner Publishers, 1991).

> custom. Environmental security concerns the maintenance of the local and the planetary biosphere as the essential support system on which all other human enterprises depend.[11]

Furthermore, in this work Buzan develops a security complex theory, which posits the existence of regional sub-systems as objects of security analysis and offers an analytical framework for dealing with those systems. His interest in regions stems from the widespread assumption that in the post-Cold War world international relations will take on a more regionalized character.[12] The purpose of Buzan's Security Complex theory was, firstly, to provide area specialists with the necessary language and concepts, and secondly to offset the tendency of power theorists to underplay the importance of the regional level in international affairs. Such a tendency, according to Buzan, was particularly exacerbated by the rise of neorealism in the late 1970s (e.g. by the publication of Kenneth Waltz's *Theory of International Politics* in 1979, which almost exclusively focused on the power structure on the system level). With the end of the Cold War, Buzan argues, it would be reasonable to expect that bipolarity at the system level would give way to a more diffuse international power structure.[13]

Buzan's observation in this respect is that all states in the international system are 'enmeshed in a global web of security interdependence'.[14] And as most political and military threats travel more easily over a short distance than over long ones, insecurity is always associated with proximity. Most states fear their neighbours more than distant powers. The result of such reasoning is that security interdependence across the international system is far from uniform. The normal pattern of security interdependence in a geographically diverse, anarchic

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[11] *Ibid*, pp. 19-20.
[12] Barry Buzan, Ole Wæver, Jaap de Wilde, *Security. A New Framework for Analysis* (Boulder, London: Lynne Rienner Publishers, 1998), p. 9.
[13] *Ibid.*, p. 11.
[14] *Ibid.*, p. 11.

international system, according to Buzan's analysis, is one of regionally based clusters, which he calls *security complexes*. The nature of security interdependence is markedly more intense among the states inside such a complex than among states outside them. Security complexes, then, according to Buzan, are about the relative intensity of interstate relations that lead to distinctive regional patterns shaped by both the distribution of power and historical relations of amity and enmity. Buzan defines a security complex as "a set of states whose major security perceptions and concerns are so interlinked that their national security problems cannot reasonably be analysed or resolved apart from one another".[15] The formative dynamics and structure of a security complex, according to Buzan, are generated by the states within that complex – by their security perceptions of, and interactions with, each other.

Sticking to neorealist logic, Buzan views security complexes as miniature anarchies. These security complexes are durable rather than permanent features of the overall anarchy. Viewing the security complexes as subsystems with their own structures and patterns of interaction provides a useful benchmark against which to identify and assess changes in the patterns of regional security.[16]

The logic of security regions, as Buzan emphasises, stems from the fact that international security can only be understood in a relational way. International security is mostly about how human collectivities relate to each other in terms of perceived threats and vulnerabilities.[17] This echoes some of the key writings in security studies, which have stressed relational dynamics connected with the security dilemma, power balances, arms races and security

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[15] *Ibid.*, p. 12.
[16] Patrick Morgan, M., 'Regional Security Complexes and Regional Orders', in *Regional Orders. Building Security in a New World*, ed. by David A. Lake and Patrick M. Morgan (University Park. Pennsylvania: The Pennsylvania State University Press, 1997), p. 31.
[17] Buzan, *Security*, pp. 10-11.

regimes.[18] Clearly, little can be said about the security of an isolated object – for instance Russia. Its security must be studied in a wider context or contexts. The study of Russian security, or any other state within a system or subsystems, can also best be undertaken using a multisectoral approach to security, that is combining a range of security sectors, as suggested by Buzan and listed above.

Although the approach assumes some sense of physical proximity, the members of a security complex do not necessarily have to be neighbours in a geographical sense. Although the concept of security complexes is normally used in the context of regional security studies, what is important for the definition of a security complex is an awareness of 'security interdependence', defined in both a positive and a negative sense. Security complexes can be bound together both by rivalry and by shared interests. Thus, as the Polish specialist Wojciech Kostecki notes, in defining a security complex one has to have a prior knowledge of a distinctive security dynamic, relating specifically to the suggested security complex: a group of states whose primary security perceptions and concerns link together sufficiently closely that their national securities cannot be reasonably considered apart from one another.[19]

Moreover, analysis of a security complex requires constant attention to its relational nature, and awareness of the role that the concept of amity-enmity plays in the evolution and dynamics of a security complex. What is more, the patterns of amity-enmity originate from a variety of sources that cannot simply be reduced to the consequences of the distribution of

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[18] Buzan cites among those Robert Jervis, *Perception and Misperception in International Relations* (Princeton: Princeton University Press, 1976); Arnold Wolfers, *Discord and Collaboration: Essays on International Politics* (Baltimore: Johns Hopkins University Press, 1962); John H. Herz, 'Idealist Internationalism and Security Dilemma', *World Politics*, Vol. 2. No. 2 (1950), pp. 157-180, see *ibid*, p. 10-11.

[19] Wojciech Kostecki, *Europe After the Cold War. The Security Complex Theory* (Warsaw: Institute of Political studies, Polish Academy of Sciences, 1996), p. 33; Buzan, *People, States and Fear*, p. 190.

power.[20] A central role in shaping amity-enmity belongs to historical experience and cultural interactions. Other factors might include current mutual relations, propaganda policies, and opportunities for direct contacts between people, and so on.[21]

The degrees of amity and enmity within a security complex mark out a range of possible models of security interdependence: *chaos* (where enmity predominates in relations) – *conflict formations* (where conflictual relations are dominant, yet amity is still possible) – *security regimes* (where the set of states cooperate to address their disputes) – and *security communities* – (where disputes among the members are resolved to an extent that no state fears any of the others).[22] The idea of amity-enmity patterns is considered by Kostecki to be one of the key advantages of the security complex approach, with a huge potential for empirical studies, because the concept allows for the inclusion of social and historical substance into a framework which otherwise may be very abstract.[23]

Once the regional level is established, it is possible to proceed with establishing a full range of layers to make up a comprehensive analytical framework. At the bottom end lies the domestic security environment of individual states and societies. Next come regional security complexes. Buzan points out that relations among security complexes also comprise a layer within the framework, one that becomes important if major changes in the pattern of security complexes are underway. At the top end is the higher complex that constitutes the system level.[24]

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[20] *Ibid.*, pp. 189-190.
[21] Kostecki, *Europe After the Cold War*, p. 45.
[22] Buzan, 1991, *People, States and Fear*, pp. 189-190, 218; see also *ibid.*, p. 45.
[23] Kostecki, *Europe After the Cold War*, p. 45.
[24] Buzan, *Security*, p. 14.

Before analysing a security complex, one has to have prior knowledge or implicit assumption of the complex's existence. As Buzan puts it, security complexes are theoretical constructs that the analyst imposes on "reality". The main value of the security complex theory is that it draws attention away from the extremes of national and global security and focuses on the region, where these two extremes interplay and where most of the action occurs. Security complex theory also links studies of internal conditions in states, relations among states of the region, and relations among regions, relations between regions and global powers. Ultimately, security complex theory can be used to generate definitive scenarios and thus to structure the study of, as well as predictions about, possibilities for stability and change.[25]

Cases

This study presents a case of security interaction within what is identified as the 'Russia-Central Europe' security complex. The main focus of analysis is the evolution of Russian security interaction with the four states of Central Europe (CE) - Poland, Hungary, Slovakia, and the Czech Republic. Following the collapse of the Warsaw Treaty Organisation (WTO), the end of the Cold War, and the emergence of Russia and the CE states as independent of the old ideological constraints and free from the prescriptive order of Cold War bipolarity, their consequent interactions can be classified as those of a security complex. Buzan's systems approach further posits that regions are composed of states in an at least partly autonomous network of interactions that constrain and shape their behaviour. Buzan calls such a condition 'intense interdependence'. While actors may be cognised of their interdependence, such interdependence is not a necessary condition.[26] David Lake finds that such identification, however, does little by way of distinguishing regional from global interactions. One way of

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[25] *Ibid.*, pp. 14-15.
[26] Buzan, *People, States and Fear*, p. 192.

determining the existence of a regional security complex according to Lake is by stepping back from the level of interactions and looking at the sources of the strategic environment that underline regional security systems.[27] Lake introduces a concept of *externalities* that bind the sets of interacting states together; these externalities can be both positive (defined as benefits) and negative (costs). Lake explains that the actions of each party impose costs upon the others, creating a negative externality that binds the relevant states together as a set of interacting units. Virtually all salient security actions taken by one state and not solely intended to reduce the welfare of a second can be understood as externalities.[28] As Morgan suggests, if states are affected in important ways by an externality over some period of time, they can be considered a part of the regional security complex, even though not all of them are located within the immediate area from which externality originates.[29] In our case, examples of such externalities, conceived of as both negative and positive (not necessarily having the same effect on all the units within the complex), are the processes of NATO and EU enlargement. These strongly affect and define the security dynamics of the Russia-CE security complex. Externalities occur only when one state is not a fully consenting party to actions initiated by another (or the mechanism of compensation is imperfect); in such a case, the welfare of the first state is improved or damaged by the actions of the second without its consent.[30] The logic of security dynamics within a security complex is the classic security dilemma, when one state prepares to defend itself, or increase its security, it creates a threat, and reduces the sense of security for others.[31] Focusing on externalities, in addition to the

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[27] David A Lake, 'Regional Security Complexes: A Systems Approach', in *Regional Orders. Building Security in a New World Orders.*, ed. by Lake, David A, Morgan, Patrick M (University Park, Pennsylvania: The Pennsylvania State University Press, 1997), pp. 48-49.
[28] *Ibid.*, p. 49.
[29] Morgan, 'Regional Security Complexes and Regional'.
[30] *Opcit.*, p. 51
[31] Nicholas J. Wheeler, Ken Booth, 'The Security Dilemma', in *Dilemmas of World Politics. International Issues in a Changing World*, ed. by Baylis, John, N.J. Rengger (Oxford: Clarendon Press, 1992).

other attributes of a security complex, helps to clarify the network of interactions in a security complex.

Thus, in the light of the definition of a security complex and the attributes that qualify a certain set of states to be analysed as a security complex, we can be reasonably sure that Russia-CE constitutes such a region. Going back to Buzan's definition of a security complex (mindful of prior knowledge of the regional developments and externalities that are in place) we can state that Russia-CE's primary [major] security [perceptions and] concerns are linked together sufficiently closely that their national securities cannot be realistically [reasonably] considered apart from one another.

With this in mind, the study proceeds with an analysis of the security dynamics within the region across the security sectors. The sectors that are closely examined – military-political and economic – are chosen for the reason that these are the sectors that are most prominently affected in the regional security dynamics, affected both by internal (state level) security and by external influences. These sectoral relations are analysed within the context of an understanding of the amity-enmity patterns that are in play in the region. As noted above, historical experiences and cultural interactions play a big part in these patterns, although consequences of external influences are also very important for them.

This study uses an inductive method of analysing Russian-CE relations on various levels of security cooperation with a view to identifying and assessing the changes that are taking place in the pattern of regional security interactions.

Geographic scope

As already mentioned in the previous section the focus of this study is Russian relations with the CE countries, rather than Russia's relations with Europe as a whole. It is an analysis of the changing nature of bilateral security relations and the relative role of the key security sectors in determining the security environment in this security complex. As was also touched upon above, the Russian-CE security complex cannot be analysed in isolation from its external security environment, which affects both the CE states' and Russia's security policies and perceptions of each other and wider European security. For a long period of time, Russia's relations with the CE states were viewed in Moscow through the prism of NATO enlargement, which eventually saw three of the four CE states analysed here joining the alliance. NATO enlargement and Russia's reaction to it proved to be one of the key factors determining Russian-CE military political relations. The EU and CE states' integration into it has also played a vital part in shaping Russia's policy towards the Visegrad states, both politically and economically. One other important area which features prominently in Russian-Polish relations and which is worth singling out at this point is Russia's Kaliningrad region (*oblast*). Its exclave location – a constant reminder of the complicated past of the region and its position wedged between Poland and Lithuania – causes headaches in Moscow, but also in the neighbouring states, NATO and the EU. This is a part of Russia - the only one that borders with the CE region directly - where the impact of NATO and EU enlargement on Russian-Polish relations is being tested in earnest. The way in which Russia and Poland deal with the question of sustaining the Kaliningrad region's existence in the rapidly changing security environment could be viewed as a 'litmus test' for Russia's wider cooperation with the CE states and wider Europe.

At the same time the domestic environment must be included in the framework. While the CE states' internal debates are analysed, it is Russia's evolving security environment and Moscow's process of reconciliation and coming to terms with the dramatic changes at home and abroad that is crucial. It forms an important part of the context in which Russia's relations with the CE states are analysed.

In the academic literature the four CE states, Poland, Hungary, the Czech Republic and Slovakia, are often referred to as the Visegrad Four. The four states are the epicentre of the historic security transformation in Europe, champions of NATO enlargement and front-runners in the process of joining the EU. Although the nature of each state's relations with Russia through the period under discussion varies significantly, the above characteristics impose a substantial commonality. In addition, the four countries share the experience of not having been independent states for many years throughout the last two centuries, being dominated by stronger powers in Europe. The most recent experience of being under Soviet control for almost half of the last century is still very fresh in both public and elite memories, significantly affecting their relations with the successor to the Soviet Union – Russia. As we shall see then, negative feelings provoked by past experiences and by the agonising evolution of Russia's statehood in the post-Cold War period are among the key reasons for problematic Russia-CE relations throughout the period under discussion. At the same time, Russian relations with the individual CE states vary greatly in terms of intensity and amity-enmity patterns. Such variations give the study valuable comparative cases to test general conclusions about the condition and direction of Russian-CE relations and the security interdependence of the states concerned.

Time frame

This study concentrates on the period between 1991 and 2001. However, where appropriate, due note is taken of historical factors and of developments central to the case studies that were still evolving at the time of writing. The years 1991–2001 represent a decade of painful political and economic transition in both Russia and the CE states. Apart from having to address domestic challenges, the elites in these countries had to deal with the question of how to proceed with securing their renewed independence. For Russia, the problem was doubly complicated: the whole external environment changed, new borders and new neighbours emerged, shifting the CE states and the West even further on the mental maps of the Russian political elite. Just as the internal upheavals in Russia demanded adjustments in Moscow's security and foreign policy, so the evolution of the external environment – CE's bid to 'join Europe' and the key European institutions' policy in accommodating CE in the decade under discussion – also had a profound effect on Russian-CE security relations. On the whole, the time period and region allow us to examine the evolution of security interactions as they were evolving from the uncertainties and high expectations of the immediate post-Cold War euphoria, to the end result of one of the major events in European security during the final decade of the last century – NATO enlargement.

Structure

Chapter 2 gives a brief outline of the evolution of the European security landscape since the end of the Cold War and of the debates over Russia's and CE's place in the evolving European security arrangements. The discussion covers Russian, CE and Western academic assessments as well as debates among the main Russian political forces and policy makers, with a particular focus on the evolving Russian perception of Central Europe. It also deals

with the evolution of the Russian national security debate and the formation of official national security and foreign policy concepts and military doctrines. The evolution of Russian national security policy is analysed alongside an examination of the main ideas and schools of thought. At the same time, the chapter looks at the evolution of the national security and foreign policy process. Here, the role of different interest groups and their foreign policy priorities is examined, with particular reference to CE.

Chapters 3 and 4 build upon the main themes identified in the introductory chapters, and analyse the actual security and foreign policy relations between Russia and the four CE states. Chapter 3 focuses on the military-political aspect of bilateral relations, where the process of NATO enlargement and Russia's reaction to it are central elements affecting bilateral relations. Chapter 4 analyses the economic ties between Russia and the CE states from 1991 to 2001. One of the main themes of this chapter is the examination of the role of various economic groups in Russian-CE bilateral relations and the effect that the nature of economic ties has on the character of political relations and vice versa. Among some of the other key themes of this chapter are the effect of EU enlargement on Russian-CE economic relations and the role of the CE region in Russia-EU relations. Within this area, the problem of Kaliningrad and the role of Poland are also examined.

The concluding chapter re-examines the empirical evidence from the preceding chapters from the theoretical perspective set out previously. This chapter evaluates whether a shift has taken place in the pattern of amity-enmity in Russian-CE relations within the ten years under discussion. If a shift has occurred, can we talk about a marked change in the nature of security interdependence on the axis set out by Buzan: *chaos – conflict formation–security regime–security community*?

Overall, this study contributes two important findings. Firstly, it adds empirical evidence to the debates on Russian national security and foreign policy. It also adds empirical evidence to the study of Russian-CE relations, which are lacking in existing contemporary literature on Russian regional and European foreign and national security policies. Secondly, it contributes important new cases to the literature exploring regional security complexes, and the literature looking at the nature of the domestic-international connection.

Note on methods and sources

The first type of source used was the vast secondary literature, mainly Western (Anglo-American) academic writing, dealing both with general problems of security in Europe and specifically with Russian foreign policy and national security. Primary sources used in this study included a broad array of Russian academic journals, newspapers and periodicals as well as Russian language books, including memoirs, and selected speeches and studies by influential specialists, top officials, and researchers affiliated with significant economic actors (such as oil and gas companies). A great deal of material was sourced from the Internet, from the websites of the key Russian research centres, online libraries, and newspapers. Various of these sources were obtained during research trips to Moscow in 1999 and 2000. Material relating to CE perspectives was also studied. In many cases, particular statements and reports by the Russian side were counter-checked using CE sources, mostly originals translated into English, available from the United States Government Foreign Broadcast Information Service (FBIS).

Interviews with well-informed academics, specialising both in general problems of Russian foreign policy and national security, as well those with a clearer focus on Central Europe,

formed another type of primary source material for this study. Three international affairs institutes in Moscow were approached and interviews conducted in them. Discussions were held in the Institute of Europe, the Institute of International Economic and Political Research, IMEPI (formerly known as the Institute of the Economy of the World Socialist System), the Moscow centre of the Institute for EastWest Studies, and with a number of scholars from Moscow State Institute of International Affairs (MGIMO). Those interviewed occupied a variety of intellectual and ideological standpoints – from the more conservative 'nostalgic' attitudes of those interviewed at the IMEPI, to the more liberal views of those from the Institute of Europe. One other important point that was taken into account is the international environment at the time of the interviews. The two research trips took place in May 1999 and April-May 2000. The events of spring 1999 (NATO enlargement and war in Kosovo) were clearly reflected in the analysis offered by those interviewed and often informed their views on Russian foreign policy conduct towards CE. All this assisted in forming a sharper picture of the ongoing Russian foreign policy debate.

European Security, Central Europe and Russian National Security Thinking and Policy since 1991

The evolution of Russian national security and foreign policy in the post-Soviet era is a subject that has generated a wealth of research and literature both in Russia and abroad.[1] Although the subject is fairly well-analysed, a brief review of the changes which have taken place in Russian foreign and national security policy will be provided here in order to set the context in which Russia-CE relations have evolved during the last decade.

Since 1991 Russian foreign policy has passed through a number of stages. These stages have been shaped by domestic political and economic developments and by changes in Russia's external environment. At the same time, the boundaries between these stages are not clear-cut and one cannot definitively determine the end of one stage and the beginning of another. The boundaries between stages sometimes reflect epochal changes in Russia's internal environment, and decisive changes in political configurations. Yet periodisation of Russian foreign policy evolution does not always coincide with 'visible' changes in Russian internal politics: it can correspond with points in the evolution of Russian statehood, and the composition of political forces, or the dominance of a set of ideas and their co-option into state policy. As Andrey Kortunov observed, "Depending on peculiar circumstances at each

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[1] The following is a selection of the general literature on Russian foreign and security policy that has appeared in the last decade: Neil Malcolm, Alex Pravda, Roy Allison and Margot Light, *Internal Factors in Russian Foreign Policy* (Oxford and New York: Oxford University Press, 1996); Celeste A. Wallander (ed.) *The Sources of Russian Foreign Policy After the Cold War*, (Boulder, Colo. Oxford: Westview, 1996); Iver B. Neumann, *Russia and the Idea of Europe. A Study in Identity and International Relations* (London and New York: Routledge, 1996); Andrei Kortunov, *Contemporary Russia: National Interests and Emerging Foreign Policy Perceptions* (Köln: Bundesinstitut, 1996); Mette Skak, *From Empire to Anarchy. Postcommunist Foreign Policy and International Relations* (London: Hurst & Company, 1996); Michael Mandelbaum (ed.) *The New Russian Foreign Policy* (New York: A Council on Foreign Relations Book, 1998); Aleksei Arbatov, 'Natsional'naya Ideya i Natsional'naya Bezopasnost', *MEiMO*, No. 5 (1998), pp. 5-21; Alexei G. Arbatov, Karl Kaiser and Robert Legvold, *Russia and the West* (Armonk, New York, London: M.E.Sharp for EastWest Institute, 1999); Mark Webber (ed.), *Russia and Europe: Conflict or Cooperation?* (Basingstoke and London: Macmillan Press Ltd, 2000); Mike Bowker, Cameron Ross (eds.), *Russia After the Cold War* (Harlow: Longman, 2000); Vadim Makarenko, *Kto Soyuzniki Rossii? Mental'nost' i Geopolitika: Paradoksy Politiki Bezopasnosti Rossii* (Moscow: STRADIZ, 2000); Allen C. Lynch, 'The Evolution of Russian Foreign Policy in the 1990s', *The Journal of Communist Studies and Transition Politics*, December (2001), 161-182; Igor S. Ivanov, *The New Russian Diplomacy* (Washington, D.C: The Nixon Center and Brookings Institution Press, 2002); Bobo Lo, *Russian Foreign Policy in Post-Soviet Era. Reality, Illusion and Mythmaking* (Basingstoke and New York: Palgrave Macmillan, 2002).

stage of internal Russian evolution, Russian foreign policy and Russian perception of national interests went in a specific direction." The policies that followed as a result "became associated with particular influential government bodies, interest groups, and individual policy makers, each of them leaving an inimitable imprint on Russian international stature and behaviour". [2]

The subsequent chapters analyse Russia's relations with CE within the framework of four such periods:

- The first period from 1991 to 1993 – was a period characterised by chaos in Russian foreign policy following the demise of the Cold War order and by unqualified Westernism on Moscow's part was mirrored by neglect of relations with the former Soviet republics and bloc states.
- The second period lasted from 1994 to 1997. It was defined by a shift in Russian foreign policy thinking and making towards 'presidential foreign policy', the abandoning of a 'romantic' pro-Western orientation and the emergence of a relative national consensus on Russian foreign policy direction and national interests.
- The third period, from 1998 to 1999, witnessed a deepening of the Russian economic crisis, further alienation from the West provoked by NATO enlargement, Russia's war in Chechnya, war in Kosovo and overall stagnation in Russia's relations with the Commonwealth of Independent States (CIS).
- The final, fourth period, from 2000 to 2001, began with the first change of head of state in post-Soviet history. It was characterised by the re-establishment of ties with the West and all-round improvement and stabilisation of the Russian economic and political environment.

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[2] Andrey Kortunov, 'Russian National Interests: The State of Discussion', in *Russia's Place in Europe. A Security Debate*, ed. by Spillmann, Kurt R., and Andreas Wenger (Bern: Peter Lang, 1999), p. 25.

The evolution of Russian foreign policy thinking in the early stages was accompanied by a flowering of public debate on the direction of the state's foreign policy and on what constitutes its national interests. Distinctive views and ideologies appeared, as well as variants of traditional Russian schools of thought.[3] The debate at the early stages was marked by a "spreading lack of orientation and a growing sense of inferiority" amongst the Russian political elite.[4] The search for a new Russian statehood and Russian identity proved to be a major challenge. The outcome of the conflict of ideas had a major impact on the subsequent formation of Russia's policies, both internal and external. It was felt important to resolve this issue because of the perception that national identity is closely linked to ideas about statehood and sovereignty.[5] It was expected that establishing what identity the new Russia was to construct, would allow Russia to build a new stable state with a clear sense of direction and purpose. This would have major implications for the formulation of national interests and constructing a framework for the state's relations with the world. However, complications arose due in part to the fact that Russia with its new borders and new neighbours had no history of being a nation state, and no authoritative history of foreign relations upon which to build its new role and identity.[6] Therefore it is not surprising that, as one observer noted, many gained the impression that the Russian nation was in a stage of neurotic search of identity.[7]

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[3] A variety of terms are used by analysts to distinguish these views. However, they are commonly placed within four categories: Westernisers/Atlanticist; Slavophiles/Eurasians; Pragmatic Nationalists/Statists (Derzhavniki/Pochvenniki); Post-Imperialist/Nationalist/Communists; see also Margot Light, "Foreign Policy Thinking", in Neil Malcolm, Alex Pravda, Roy Allison, Margot Light, 1996, *Internal Factors in Russian Foreign Policy*, endnote 2, p. 88.

[4] *Op. cit.*, p. 364.

[5] Lisbeth Aggestam, *Role Conceptions and The Politics of Identity in Foreign Policy*, Paper Presented at the Third Pan-European International Relations Conference and Joint Meeting of the ECPR and the ISA, Vienna, Austria, 16-19 September , 1998, p. 4.

[6] James Richter, "Russian Foreign Policy and the Politics of National Identity", in Celeste A. Wallender, 1996, (ed.), *The Sources of Russian Foreign Policy After the Cold War*, p. 69

[7] Olga Alexandrova, p. 364.

As Peter Katzenstein has noted, the process of identity construction is typically explicitly political and pits conflicting actors against each other.[8] It is important to note that national identity construction is subject to the dual influence of both internal and external forces. A state's current position in the world, and the state's interaction with different social environments, both domestic and international, have an effect on its identity.[9] As Margot Light points out, while on one level the question of identity is an abstract problem which may seem to have little bearing on policy, in the post-Soviet context it was closely related both to views about Russia's relations with the external world and to domestic policy, particularly in relation to the applicability to Russia of Western models of democracy and market economy.[10] This is illustrated by the way in which issues of national identity, national interests, and Russia's foreign policy priorities came to the fore in the Russian domestic political debates of the early and mid-1990s.[11]

The problem of Russia's civilisational belonging has been an underlying theme for all schools of thought that have entered the debate on Russia's national identity. One of the key elements in the debate has been the question of Russia's relations with Europe. An existential ambivalence – whether Russia is a part of Europe or apart from Europe – has, according to the Russian international relations specialist Vladimir Baranovsky, marked Russia's attitudes to Europe for centuries:

> The whole history of Russia is cast in this contradictory feeling: its own centuries-long territorial expansion *towards* Europe – and memories of invasions *from* Europe; all the tormented searching of Russian sociological thought with its European-oriented 'Westernism' – and the anti-European zeal of both the Orthodox church and the communist identity as negation of individualism. The

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[8] Peter J. Katzenstein, "Introduction: Alternative Perspectives on National Security" in Peter J. Katzenstein, (ed.), 1996, *The Culture of National Security: Norms and Identity in World Politics*, p. 6.
[9] *Ibid.*, p. 24; On the question how international and domestic environments shape state identities see Alexander Wendt, "The Agent-Structure Problem in International Relations Theory", *International Organization*, 41, 3, (1987), pp. 335-70; Alexander Wendt, "Anarchy Is What States Make of It: The Social Construction of Power Politics", *International Organization*, 46, 2, (1992), 391-425; Alexander Wendt, "Collective Identity Formation and the International State," *American Political Science Review*, 88, 2, (1994), pp. 384-96; Iver Neumann, "Identity and Security", *Journal of Peace Research*, 29, 2, (1992), pp. 221-26.
[10] Margot Light, "Foreign Policy Thinking", pp. 37-38.
[11] Neil Malcolm, Alex Pravda, "Democratization and Russian Foreign Policy", p. 540.

> 300-year-old record of social experiment from Peter the Great to this day is the most painful manifestation of this paradox, when models imported from the West (such as communism until recently or 'unrestrained' capitalism nowadays) evolved into such grotesque forms that even wider rifts opened between Russia and Europe.[12]

As Baranovsky observes, Europe has reciprocated with similar ambiguities: Russia, being a remote and almost exotic peripheral land with a different lifestyle, fascinated and alienated the Europeans; its vast territory put Russia in a unique position in Europe and generated fears of its expansionism; possessing enormous resources inspired ideas of Russia becoming Europe's most important component – were it not for its anachronistic and corrupted economic system, incompatible with European ways of doing business; its impressive military capability has been traditionally perceived as threatening Europe, although, eventually, redirecting other threats away from Europe and absorbing them. This ambivalence, with its clash of perceptions and expectations, persists to today in Russia's relations with Europe and informs Russia's debate on its national identity and relations with the wider world.[13] A widespread view amongst the Russian elite concerning Russian-European relations after the collapse of the Soviet Union is that the Cold War logic of 'keeping the Russians out' seems to have mutated in Europe into a double-track policy: keeping the Russians from becoming disengaged, without, however, letting them in.[14] This perception of the European logic by many in Russia, has become a central argument against 'whole-hearted' Westernism in the style of the early days of Russian foreign policy that was inspired by the revolutionary atmosphere generated by the demise of the Soviet Empire.

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[12] Vladimir Baranovsky, 'Russia: a Part of Europe or Apart from Europe?', *International Affairs*, Vol. 76. No. 3 (July 2000), p. 445; For a comprehensive account of the argument as it has evolved historically see Iver B. Neumann, *Russia and the Idea of Europe* (Routledge: 1996); see also Iver B. Neumann, "The Geopolitics of Delineating 'Russia' and 'Europe': The Creation of the 'Other' in European and Russian Tradition", in Ola Tunander, Pavel Baev and Victoria Ingrid Einagel (eds.), *Geopolitics and Post-Wall Europe: Security, Territory and Identity*, (PRIO: 1997); A. Kara-Murza, "Mezhdu Evraziei i Aziopoi" *Inoe: Khrestomatiya Novogo Rossiiskogo Samosoznaniya*, 1995, unpaginated website <http://russ.ru/antolog/inoe/krmr32.htm/krmr32.htm>; Elgiz Pozdnyakov, "The Soviet Union: The Problem of Coming Back to European Civilisation", in *Paradigms: The Kent Journal of International Relations*, 5, 1/2, (1992), pp. 45-57.

[13] Baranovsky, "Russia: a Part of Europe or Apart from Europe?" pp. 445-446.

[14] *Ibid.*, p. 446

Research on contemporary Russian foreign policy has generated a number of works describing and analysing domestic debates on foreign policy issues, categorising various political, ideological and philosophical schools of thought that have had a significant bearing on the formation of Russian foreign policy. The following discussion will briefly describe the alternative views on Russian foreign and security policy and review their perception of the place of CE in the Russian national interest.

'Atlanticists' (or Westernisers) dominated the Russian political scene during the first year following the break-up of the Soviet Union. The new Yeltsin administration was faced with the immediate task of state building, establishing a new Russian identity and finding a 'worthy place in the world community'. Given the kind of economy and polity the Russian authorities hoped to build, thus natural orientation was towards Europe and the West. As Yeltsin's political career sprang out of direct opposition to Gorbachev, the new Russian leadership was compelled to adopt an even more radical position to contrast with the New Political Thinking. To win over more support from the West than Gorbachev had enjoyed, Yeltsin's team advocated even closer association with the West in the security realm, even extending to Russia's membership in NATO.[15]

The proponents of Westernism advocated Russia's "return to Europe", of which it was a part because of its essentially European-Christian civilisation. Russia embarked on a path of building a society based on a European (Western) system of values. Therefore, they claimed, Russia shared a common identity with the United States and the countries of Western Europe.[16] The main advocates of this line were officials of the Foreign Affairs and Finance Ministries of the Russian Federation, the then Foreign Minister Andrei Kozyrev and Prime

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[15] Michael McFaul, 'Revolutionary Ideas, State Interests, and Russian Foreign Policy', in *Political Culture and Civil Society in Russia and the New States of Eurasia*, ed. by Vladimir Tismaneanu (New York: M. E. Sharpe, Inc, 1995).
[16] James Richter, "Russian Foreign Policy and the Politics of National Identity", p.77.

Minister Yegor Gaidar, a large portion of the intellectual elite, and journalists, independent trades unions, and new liberal parties united under the umbrella movement *Democratic Russia* (and from 1993 its successor *Russia's Choice*) party under the leadership of Gaidar. The main purpose of a new direction in Russia's foreign policy, in Kozyrev's words, was:

> to guarantee the entry into the world community [...] and thereby to help meet the internal needs of Russia. [...] The developed countries of the West are Russia's natural allies. It is time finally to say that we are neither adversary nor poor little brothers who are following the orders of a rich and malevolent West intending to buy Russia.[17]

Westernisers argued that Russia should stop worrying about external threats to its security and concentrate on resolving internal problems of economic reform and the political transition to democracy. Dismissing concerns about Russia's loss of its status as a great power, Kozyrev claimed that such concerns were nothing more than a consequence of "imperial inertia"[18] and were essentially a symptom of a deeply rooted inferiority complex that resulted from Soviet isolation and its obsession with military superiority.[19] In the new post-Cold War world order cooperation was to become the main tool for resolving international disputes. Therefore, Russia should be establishing the institutions that were going to be demanded by such a system and should stop worrying about its great power status.[20] As Kozyrev repeatedly argued, in the new world order the greatness of a nation was no longer determined by the size of its empire, but instead by the general standard of living of its population. Once this simple fact was acknowledged – Russia's new national interest as a "normal great power" would clearly emerge.[21]

Although domestic problems were identified as the main threat to Russia's security, Westernisers admitted the existence of some external threats emanating from Third World

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[17] A. Kozyrev, *Izvestia*, 2 January 1992, quoted in Iver Neumann, *Russia and the Idea of Europe*, p. 181.
[18] Quoted in Allison K Stanger, "The Impact of Russia's Constitutional Crisis on Yeltsin's Foreign Policy" in *Russia and Eastern Europe After the Communism: The Search for A New Political, Economic, and Security Systems*, ed. by Michael Kraus and Ronald D. Liebowitz (eds.) (Boulder, Colo., Oxford: Westview, 1996).p. 298
[19] Cited in Andrei P. Tsygankov, "From International Institutionalism to Revolutionary Expansionism: The Foreign Policy Discourse of Contemporary Russia", *Mershon International Studies Review*, 41, (1997), p. 261.
[20] *Ibid.*, p. 261.
[21] Allison K. Stanger, "The Impact of Russia's Constitutional Crisis on Yeltsin's Foreign Policy", p. 299.

states. However, these threats could be successfully dealt with through international institutions. The key foreign policy objective for Russia should be:

> to prepare the ground for raising itself from the periphery to the core of the world economy and for joining the Group of Seven. This aim cannot be achieved quickly, either by relying on the military and primarily nuclear assets of the USSR or by restoring a new imperial entity with Russia at its core. It can only be accomplished through natural economic processes and in the first instance through deep and genuine economic, social and political reforms. Russia faces a difficult choice. Her ambitions to assume the role of a new centre of the CIS, connected with a commitment to assuming the crippling financial burden of the former USSR, makes the achievement of this objective much more difficult if not impossible. Russia cannot afford to pay an exorbitant price to keep the symbolic integrity of the CIS and also to keep the military-industrial complex afloat. This would shut down any prospect for Russia of raising herself from the periphery to the core of global development, with the result of a national disaster.[22]

Russia's initial pro-Western bias was reflected in the deficit of attention that Central Europe received in official foreign policy. The question of how to link CE to Russian security policy was not on the agenda. Sergey Karaganov, a supporter of the initial Russian foreign policy course wrote:

> The military withdrawal from East Central Europe has done away with the posture of direct military confrontation, which was generally useless and counterproductive. It was useless because there was no threat or possibility of a Western conventional attack and the buffer zone was no protection against nuclear weapons – nor was there any Western intention to use such weapons. It was counterproductive because it solidified the Western front and fuelled the arms race in the West, and thus put additional pressure on an already ineffective Soviet economic system whilst strengthening the militarists and conservatives in the ruling Soviet elite.[23]

This was a complete departure from the Soviet assessment of the WTO as a buffer zone and the traditional Soviet policy of forward defence. Once a crucial part of the Soviet defence system, the "buffer" states of Central Europe faded from the realm of pressing concerns for Russian foreign policy. As Alex Pravda has observed, "Developing relations with Eastern Europe appeared to Moscow as a necessary if somewhat distant priority."[24] Yeltsin himself

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[22] Andrei V. Zagorski, Anatoly A. Zlobin, Sergei V. Solodovnik, Mark A. Khroustalev, *After the Disintegration of the Soviet Union: Russia in a New World*, Report of the Centre of International Studies, Moscow State Institute of International Studies, (MGIMO), Moscow, February 1992, p. 10

[23] Quoted in Wojtek Lamentowiz, 'Russia and East-Central Europe: Strategic Options', in *Russia in Europe. The Emerging Security Agenda*, ed. by Vladimir Baranovsky (Oxford: Oxford University Press for SIPRI, 1997).

[24] Alex Pravda, "Relations with Central- and South-Eastern Europe", in *Russia and Europe: an End to Confrontation?*, ed. by Neil Malcolm (London: Pinter Publishers Ltd., for RIIA, 1994), p. 144.

occasionally mentioned Central Europe and the importance of fostering good relations with the region in its own right.[25] As will be seen in the following chapter, although Russia signed state treaties with the CE states in 1992-94, relations between the two sides did not progress beyond consultations on debt settlements and troop withdrawal.

However, a new geopolitical situation, and a number of domestic and international developments led to a crisis in the 'Westernisers' camp and a shift towards more traditional strategic concepts. The critics of the Russian government pointed out that Moscow's unconditional Westernism was not met with similar enthusiasm from the West: it was not responsive to Russia's demands for large-scale economic assistance, and Russia's appeals for membership of Western economic and military-political institutions were left unanswered. Moreover, opponents of the Kozyrev policy complained that the West ignored Russia's concerns with regard to important security issues – the speed and conditions of Russian troop withdrawal from Central and Eastern Europe, national minorities' rights in the 'near abroad', conflict in the former Yugoslavia, NATO expansion, and Moscow's proposals to turn the Conference for Security and Cooperation in Europe (CSCE) into an effective security organisation. Increasingly more and more Russians came to believe that Kozyrev's uncritical pro-Western policy not only reflected the absence of a clear conception of Russia's national interests, but had also led to a number of humiliating concessions to the US in the vain hope of being admitted into the ranks of the advanced nations. Dissatisfaction with what was seen as "patronising arrogance" in the way the US was treating Russia helped to consolidate Moscow elites' opposition to Kozyrev's foreign policy. As Margot Light observed, "Western policy toward the Russian Federation was, in many respects, inadequate and this affected the debate on Russian foreign policy."[26] Similarly, Martin Walker, in his assessment of Russia's initial foreign policy, noted, "One of the world's undisputed great powers temporarily

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[25] *Diplomaticheskii Vestnik*, Nos. 4-5, 1992, pp. 79-79, quoted *ibid.*

[26] Margot Light, "Foreign Policy Thinking" in *Internal Factors in Russian Foreign Policy*, ed. by Malcolm, Neil, Alex Pravda, Roy Allison and Margot Light (Oxford: Oxford University Press, 1996), p. 85.

subordinated its foreign and domestic policies to the West's capricious preferences. This state of affairs was never likely to last long, and was of dubious benefit to Russia and the West alike."[27]

The Yeltsin-Kozyrev pro-Western policy evoked a painful reaction from many Russian intellectuals and politicians, who embarked on an elaboration of alternative concepts of security and foreign policy. By the end of 1992 the Yeltsin leadership policies led to an unusual coming together of opposition forces in condemnation of the official foreign policy. On 10 March 1992, *Sovetskaya Rossiya* published a "Declaration of Principles" signed by a number of left- and right- wing parties and movements, amongst which were the Russian [Rossiiskii][28] all-People's Union, the Russian [Rossiiskii] People's Assembly, the Russian Communist Workers' Party, the 'Otchizna' Movement and many others. Their criticism of the government and its policies was strong and direct:

> Responsibility for what is happening [the crisis] lies first and foremost with the ruling circles of the Russian Federation, which once again are carrying out dubious experiments on the people. An antipopular government has entirely subordinated Russia's national interests to world reaction – the chief architect of the USSR's collapse.[29]

As pressure on Kozyrev was increasing, his position and that of other Westernisers was further undermined by the defection of many representatives of the democratic current who switched to a neo-conservative position, to constitute a new strand – Pragmatic Nationalism.[30]

After the strong showing of nationalist and conservative forces in the 1993 parliamentary elections, the Russian government was forced to modify its foreign policy tack to reflect the political mood of the time. Although 'monolithic and absolutist' Marxism-Leninism did not

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[27] Martin Walker, 'Russia and the West: What Is to Be Done Now?', *World Policy Journal*, 11. 1 (1994), p. 1

[28] There is a difference in meaning of 'Russian' as belonging to or of Russian ethnicity – Russkii, and 'Russian' as a collective world to denote belonging to the Russian Federation – Rossiiskii.

[29] *Sovetskaya Rossiya*, in Russian 10 March 1992, p. 1, (FBIS-SOV-92-054, 19 March 92, pp. 38-40)

[30] *Nezavisimaya Gazeta*, 5 March 1994; The phenomenon of the transition of liberal Westernisers into the ranks of anti-Westernisers was relatively frequent, this happened quite often in the early history of this intellectual debate.

re-enter the official discourse, neo-imperialist tendencies appeared in Russian foreign policy. These were notably present in Russia's re-discovery of the former Soviet republics as an area of vital national interest. This tendency in Russian foreign policy was supplemented by a "quasi-ideological melange of nationalism, pan-Slavism, 'Eurasianism', and Western-style neo-realism".[31] The starting point of the blend of these ideas was that "Russia was and continues to be a great power". The pronouncement could be heard now in Yeltsin's official statements: Russia should rid itself of the "anti-imperialist syndrome" and not "shy away from defending our own interests", even if such actions would be criticised as "imperialist".[32]

One of the strongest supporters of the new foreign policy line in the presidential administration was Sergey Stankevich, who saw Russia's mission in the world as one of initiating and supporting a multilateral dialogue of cultures, civilisations and states, since Russia was "by nature dialogical".[33] In an article in *Izvestiya*, Stankevich maintained that:

> We must not be eager to dispense with the [status] of world power. […] Unlike empire power means concentrating on oneself, renouncing expansion, and mobilising internal forces and resources to bring about economic and cultural recovery, to bring about civilised breakthrough to the level of the great power.[34]

Proponents of the new, balanced foreign policy argued that Europe and the West were important for Russia's national interests, since it was where the credits, aid and advanced technology were.[35] However, the basis for engaging in cooperation with the West, and with the US in particular, should be absolute equality. Kozyrev was criticised for having pursued policies that made too many concessions to the West. Rather than putting an emphasis on common values, Russia's cooperation with the West should be pursued on the basis of common interests. Russia should not disregard the advantageous position it possessed and should adopt proactive polices in the adjacent territories to advance its national interests.

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[31] Hannes Adomeit, 'Russia as a 'Great Power' in World Affairs: Images and Reality', *International Affairs*, Vol. 71. No. 1 (1995), p. 45.
[32] *Ibid.*
[33] Iver Neumann, *Russia and the Idea of Europe*, p. 181.
[34] *Izvestiya*, 8 July 1992, Morning Edition, p. 3.
[35] Iver. Neumann, *Russia and the Idea of Europe*, p. 181.

Russia's initial period of 'unqualified Westernism'[36] or, in the words of Kozyrev's outspoken critic Vladimir Lukin – 'romantic masochism'[37] came to an end by late 1992- early 1993. Kozyrev, having retreated from some of his earlier convictions, admitted:

> we must abandon certain illusions, [...] Some people in the West have indeed been daydreaming that partnership can be developed with Russia on the principle that "if the Russians are good, they must follow us in everything." [...] the Russian Federation is condemned to be a great power – aggressive and threatening under the Communists and nationalists, peaceful and prosperous under the democrats. But a great power nonetheless! Naturally [...] it cannot be a junior partner but only an equal partner. [...] partnership based on common values and even sympathies does not mean renouncing a firm or aggressive policy of upholding your own national interests.[38]

By mid-1992 the issue of foreign policy and national security became more and more a subject of political clashes, and also became an issue intertwined with general debates about domestic policies. The Supreme Soviet argued that the Foreign Ministry lacked a clear "foreign policy concept" – a guiding framework, and called upon Kozyrev to develop such a framework.[39] Having resisted from the start, Kozyrev seemed to have adapted to the new balance of power, and he reluctantly agreed to develop the concept. Assigning the task of coordinating foreign policy to the Foreign Policy Commission of the Russian Federation Security Council, the presidential decree of June 1992 charged the Foreign Ministry with responsibility of presenting a unified foreign policy to the world. This move might have been designed to keep Kozyrev in his job in the wake of increased criticism. However, his personal position was progressively weakened. Yuri Skokov's appointment to the post of Secretary of the Security Council was a clear signal of the shift in Yeltsin's foreign policy orientation.[40]

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[36] Neil Malcolm, Alex Pravda, Roy Allison and Margot Light, *Internal Factors in Russian Foreign Policy*, (RIIA: 1996), p. 21.

[37] Cited in William Park, "A New Russia in a New Europe: Still Back to the Future?" in W. Park and G. Wyn Rees, *Rethinking Security in Post Cold War Europe*, (Longman: 1998), p.100. Vladimir Lukin was former Russia's ambassador to the United States, and presently State Duma deputy, member of Grigorii Yavlinsky's centrist right-wing *Yabloko* party.

[38] *Izvestia*, in Russian, 11 March 1994, p. 3. (FBIS-SOV-94-048 11 March 1993, p. 8)

[39] Allison K. Stanger, "The Impact of Russia's Constitutional Crisis on Yeltsin's Foreign Policy", p. 300

[40] Skokov was an experienced bureaucrat, who served as first deputy chairman of the Council of Ministers of the Russian Federation in 1990-91, who could rely on his personal connections within the Soviet military-industrial complex, out of which he had emerged. It was under his tenure that the Council took the decision to create a new Ministry of the Commonwealth Affairs, to take away the control over near abroad policies from the Foreign Ministry.

The concept of national interest did not officially play a role in Soviet foreign policy, neither was it normally taken on board by adherents of the liberal or Westernisers' camp as the concept is normally associated with Realist or geopolitical thinking. But as the shift in Russian foreign policy became more apparent, identifying Russia's national interests also became one of the key issues of the debate. As Wolfram Hanrieder pointed out, such a "large concept" as national interest certainly is, by its very nature is a highly contested one: "[It] attains its prominence from sustained diplomatic use, not by virtue of the theoretical invitation or analytical manipulation." The ambiguity of this concept may result from the fact that it is "not theoretical but political, abstract, imposed on diplomatic parlance and the public debate by the makers and not the observers of historical events".[41] As the debate on Russian foreign policy took the centre stage of Russian domestic political struggle in 1992-1993, various political forces employed the concept to support their arguments. The context in which the first Russian foreign policy concept appeared reflects this process. The first draft of the Russian foreign policy concept was published in January 1993 and the final version in November 1993. After discussions involving representatives of the Ministries of Foreign Affairs, Foreign Economic Relations, and Defence, the intelligence service and the Security Council, the draft was sent to Parliament and finally confirmed by President Yeltsin in April 1993.[42] This heralded a new, second stage in the Russian foreign policy and national security debate and marked a general shift towards Pragmatic Nationalism across the political spectrum.[43]

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[41] Wolfram F. Hanrieder, *Germany, America, Europe: Forty Years of German Foreign Policy* (New Haven: Yale University Press, 1989) quoted in Mary M. McKenzie and Peter H. Loedel, *The Promise and Reality of European Security Cooperation. States, Interests, and Institutions* (Westport, London: PRAEGER, 1998), p. 39.

[42] Margot Light, "Foreign Policy Thinking", p. 61

[43] The term 'Pragmatic Nationalism' is used to describe those political forces which are often called 'statists' and 'derzhavniki.' The reason for such generalisation is that although differences exist between the two, they are similar in their focus on Russia's great power status and Eurasian identity. However, derzhavniki differ from statists in their stronger desire to restore a Union by any means, including military force. Their views are more strongly ethnic in their definition of Russian identity. See Celeste A. Wallander, *The Russian National Security Concept: A Liberal-Statist Synthesis,* Program on New Approaches Russian Security Policy Memo Series, Memo No. 30, July 1998, unpaginated website <http://www.fas.harvard.edu/~ponars/POLICY%20MEMOS/Wallander30.html>, accessed 3 November 1998

The foreign policy doctrine was a clear manifestation of the shift that had occurred in foreign policy thinking. It emphasised that Russia's foreign policy course must be in line with its fundamental national interests: preserving the state's sovereignty, independence, and territorial integrity; consolidating its security in all directions; reviving Russia as a democratic free country; ensuring favourable conditions for shaping an effective market economy to match the status of a great power; incorporating the Russian Federation into the world community; and exercising Russia's responsibility as a great power for the maintenance of global and regional stability.[44] Managing relations with the near abroad was now presented as one of the most important tasks of foreign policy. The main elements should be settlement and prevention of conflicts within the CIS, protection of its external borders, cooperation in key military-political areas, and ensuring individual and minority rights (e.g. of ethnic Russians).[45]

Given the deep fragmentation and polarisation of Russian politics at the time, one has to view the appearance of the foreign policy concept as a sign of emerging consensus on Russian national interests and foreign policy objectives with a degree of scepticism. In the highly fluid, unsettled and chaotic environment of that time, the appearance of the first such foreign policy document (and even subsequent ones) was the result of a compromise between the government and its opponents: a "one-size-fits-all" document, taking into account concerns over the excessive pro-Western bias of the official line, yet not discounting the direction altogether. As Bobo Lo observed in his study of Russian foreign policy, major foreign policy statements like the Foreign Policy Concept have become the spiritual successor to the USSR's Five-Year Plan: even though the latter focused on socio-economic priorities, the similarities

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[44] "Basic Content of the Draft Concept of the Russian Federation's Foreign Policy", *Rossiyskiye Vesti*, 3 December 1992, p. 2

[45] *Ibid.*

are striking.[46] First, like the Five-Year Plan, the Foreign Policy Concept is a long-term 'strategic' document intended to provide a conceptual framework within which policy is formulated and implemented. Second, it reflects the political realities and mood of its time – if it is misleading as a guide to action, it is nevertheless useful in pointing to some of the pressures and influences on the policy-making process. Third, and this is the most underestimated aspect, such statements are to a large extent meant to create an alternative reality that is largely divorced from the true state of affairs: some of this is by design, to paint the situation as better than it is, but part of it is also genuinely self-delusionary, "a case of worthy intentions out of touch with reality".[47] Nevertheless, as Sherman Garnett argues, such grand foreign policy statements are worth studying: although they are far removed from reality and although the practice of Russian foreign policy is far less consistent than the concepts might suggest, such documents are an important guide to the perceptions of Russian foreign-policy elites.[48]

In relation to Central/Eastern Europe, the strategic task, according to the concept, was to avert its becoming a *cordon sanitaire* between Russia and the West:

> At present a strategic task is to prevent the attempts to turn Eastern Europe into a kind of buffer that would isolate us from the West. On the other hand, the quite tangible attempts of Western powers to force Russia out of Eastern Europe must not be allowed to succeed. This is an accomplishable task, considering the fact that East European countries, despite their noticeable and somewhat artificial endeavours to distance themselves from Russia politically, remain oriented to Russia and other CIS members in economic, cultural and humanitarian terms.[49]

Russia's view of CE as reflected in the Foreign Policy Concept gives an interesting insight into Moscow's newly-found "consensus" on the subject. It is also one that is filled with

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[46] Bobo Lo, *Russian Foreign Policy in Post-Soviet Era. Reality, Illusion and Mythmaking* (Basingstoke and New York: Palgrave Macmillan, 2002), pp. 67-68.
[47] *Ibid.*, p. 68.
[48] Sherman W. Garnett, 'Europe's Crossroads: Russia and the West in the New Borderlands', in *The New Russian Foreign Policy*, ed. by Michael Mendelbaum (New Yorkw: A Council on Foreign Relations Book, 1998), p. 68.
[49] "Basic Content of the Draft Concept of the Russian Federation's Foreign Policy", *Rossiyskiye Vesti*, 3 December 1992, p. 2

contradictions, demonstrating a deep degree of misjudgements and lapses into old views of the region. The Concept clearly marks the region as one of Russia's spheres of interests, which is, according to the document, contested by the West. The Concept also, in a way reminiscent of the Soviet period, treats the region as an object, as a passive entity. It pictures CE's attempts to distance itself from Russia as temporary and 'artificial', because its long-term interests supposedly lie in close relations with Russia. Whereas the first assumption can be interpreted as derived from the logic of a Realist assessment of Russia's geopolitical environment, the latter judgement bears the marks of unreformed perceptions of the region and a degree of wishful thinking on Moscow's part.

The practical irrelevance of the Concept as a guide or plan of action was underscored when one year later, even as controversy surrounding NATO enlargement was gaining pace, Kozyrev stated that "under the current circumstances, in terms of Russia's priorities, the countries of Eastern Europe rank behind the West and the CIS".[50] In practice, Moscow's relations with its former Warsaw Pact allies remained reactive and haphazard, not even justifying Kozyrev's ranking of them as being just behind the West and the former Soviet republics. In the light of CE's domestic developments and the long-term foreign and security policy priorities that began to emerge in CE in the last years of the Soviet Union, Russia could do little, even if it brought its full political and economic weight to bear, to change the direction of CE's Western orientation. The Russian foreign policy specialist, Evegeny Bazhanov, observed that even well-wishing Russian democrats who desired to develop good relations with the region could not stop CE's flight from Russia.[51] As will be seen from the discussion that follows, Central Europe, despite its subsequent elevation in Russian foreign policy debates in the light of the NATO and EU enlargement controversy, never provoked the

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[50] Quoted in Iliya Prizel, *National Identity and Foreign Policy. Nationalism and Leadership in Poland, Russia and Ukraine* (Cambridge: Cambridge University Press, 1998), p. 279.
[51] Evgeny Bazhanov, *The Changing Foreign Policy of Russia* (http://isn.rsuh/icis/Ch/oporu.html: ICIS Publications, 1997).

elaboration of a coherent policy in Moscow. Russia's policy towards the CE states, therefore, can only be gauged in the context of Russia-West relations, or, more precisely, Russia's reaction to NATO and EU enlargement.

The semblance of a growing consensus on the state's major foreign policy directions and national interests that marked the beginning of the new period of Russian foreign policy did not mean, however, that differences of opinion subsided. Fundamentalist Nationalist and Neo-Communist forces still refused to reconcile themselves to the disintegration of the Soviet Union, neither did they approve of the government's foreign policy.[52] As the results of the 1993 Duma elections showed, extremist forces such as Zhirinovsky's misleadingly named Liberal-Democratic Party won a significant proportion of the seats in the new Duma. By this time, Alexei Arbatov, a leading Russian foreign policy expert, and a moderate Pragmatic Nationalist, had warned about the consequences of the fact that government officials had shifted to an even more nationalist position then the one outlined by Kozyrev.[53] A new 'Strategy for Russia,' published in May 1994 by the Council for Foreign and Defence Policy, of which Arbatov was one of the authors, warned about dangerous tendencies which had become noticeable in Russian policy especially with respect to the countries of the former USSR. It noted that the 'proclivity of officials to adopt great-power rhetoric', even if it was intended for internal consumption, fuelled suspicion that Russia had embarked upon a policy of 'imperial revenge' in both the near and far abroad.'[54] The perception of a renewed Russian imperialism was further strengthened by Russia's involvement in peace-keeping or peace-making operations in the CIS.[55]

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[52] Margot Light, "Foreign Policy Thinking", p. 70.
[53] *Ibid.*, p. 72.
[54] Quoted *ibid.*, p. 73
[55] Although Russia failed to receive a mandate for its operations from the UN, its actions were legitimate, Kozyrev argued, since Russia acted on appeals from sovereign states and participants of the conflict. Furthermore, Russia acted as a part of the CIS peacekeeping forces, and under CIS auspices. In addition, Kozyrev pointed out that there was no signs that the UN or any other organisation wanted to get involved, *ibid.*. p. 77.

The Russian Federation Foreign Intelligence Service (FIS) started to play a more noticeable role in Russia's public foreign policy discussion. In a 1994 report, the director of the FIS Yevgeniy Primakov, stated that 'the Russian Federation FIS could not overlook the fact that influential circles in a number of Western countries interpret the role Russia may play in uniting the republics of the former Soviet Union as "imperial" and integration as a process aimed at the restoration of the USSR, and regards these arguments as ungrounded.'[56] The FIS's growing foreign policy influence was reflected in the repetition of a number of points raised by Primakov in his report that were included in Yeltsin's decree of 14 September 1995, 'On Approving the Russian Strategic Federation Course in Relations with CIS Member States'.[57]

By 1994 the proposal that NATO should be enlarged to include some of the former WTO members had begun to dominate the Russian foreign policy and security debate. The first Russian foreign policy concept of 1992-93 had stated that 'Moscow will vigorously oppose all attempts to build up the politico-military presence of third countries in the states adjoining Russia.'[58] Quite predictably the prospect of NATO moving closer to Russian borders produced sharp and unanimous criticism from across the whole Russian political spectrum. The view prevailed that such an expansion, which failed to take into account Russia's concerns, could not be perceived as other than a threat and an attempt to exclude Russia from the European security framework. It further confirmed the views of the anti-Westernisers that the West was determined to deprive Russia permanently of its 'great-power status'.

Although it was widely admitted by Russian politicians that the problem was political and psychological rather than military in nature, the evolution of Russia's opposition to NATO

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[56] Yevgeniy Primakov, "Russia-CIS: Does the West's Position Need Modification?", *Rossiiskaya Gazeta*, 22 September 1994, pp. 1, 6.
[57] Neil Malcolm, "Foreign Policy Making", p. 126
[58] "Basic Content of the Draft Concept of the Russian Federation's Foreign Policy", p. 2

enlargement combined with Moscow's claims to be a sphere of vital interests in the CE region, alarmed this region's public and thus accelerated their drive to join the Alliance.[59] Moscow's policy of *preventive engagement* – leading to the attempts to slow down the process of NATO enlargement and a bid for special status in the NATO-initiated Partnership for Peace (PfP) – justified in the eyes of the CE leadership's their doubts about Russia's long-term development as a 'normal' country. Moscow's framing of the argument against NATO enlargement in terms of its adverse effect on Russian democratic development and protecting its sphere of influence, failed to dissuade CE from pushing for NATO membership. Kozyrev's offer to Poland of security cross-guarantees by NATO and the CIS prompted a scathing rebuff from Warsaw. Polish national security advisor Jerzy Milewski complained, "Russia is returning to the imperialist policy once followed by the Tsars and later the Soviet Union."[60] As Wojtek Lamentowicz, a Polish foreign policy scholar, observed - whether Russian leaders wanted to return to imperial policy or not, Russia was strong enough to be a genuine threat. In this respect, he continued, "Even a minor error in political judgement in Moscow could victimize the ECE".[61] Russia's new-found assertiveness and yearning to be seen as 'great power' that became part of Moscow's strategy to influence NATO enlargement policy failed to deter the Central European states. Russia's proposal of interlocking security guarantees for the ECE countries jointly with Western nations, advanced by Moscow as a possible alternative to CE's aspirations to join NATO, coupled with the recognition of Russia as a "great power with legitimate interests, including security interests beyond its borders", had a directly opposite effect.[62] Russia's proposal, once again, failed to take into account CE's almost universal consensus on their NATO-centred security aspirations. As Witold Pawlowski, a Polish observer, pointed out – interaction between Moscow and Warsaw (this

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[59] For a comprehensive study on NATO enlargement and Russia see J. L. Black, *Russia Faces NATO Expansion. Bearing Gifts or Bearing Arms?* (Lanham, Oxford: Rowman & Littlefield Publishers, Inc., 1999).
[60] Prizel, *National Identity and Foreign Policy*, p. 135.
[61] Wojtek Lamentowiz, 'Russia and East-Central Europe: Strategic Options', in *Russia in Europe. The Emerging Security Agenda*, ed. by Vladimir Baranovsky (Oxford: Oxford University Press for SIPRI, 1997), p. 367.
[62] This was a position advanced by V. Viktorov, the head of Russian delegation to the North Atlantic Assembly in may 1995. Cited in Lamentowiz, 'Russia and East-Central Europe', p. 364.

could be applied to the other CE capitals) more and more began to resemble "neurotic dialogue" between a "rejected big brother" and a "scrappy newly independent state."[63] Such a policy towards NATO enlargement on Russia's part, according to Yuriy Davydov. Russian CE specialist, was short-sighted as it strengthened anti-Russian sentiment in the CE states, potentially making NATO less cooperative towards Moscow in future.[64] Andrei Zagorsky also pointed to this flaw in Russian policy towards CE and NATO. He argued that it would be in Russia's interest not to resist, given that, whether it liked it or not, the unification of Europe was taking place through the expansion of Western European and Euro-Atlantic organizations: "Guaranteeing at least non-hostile relations with their old and new members is of the utmost significance."[65] As Allen Lynch pointed out, framing its policy towards Central Europe almost exclusively in terms of *Westpolitik*, more specifically NATO expansion, Russia ran the risk of finding itself isolated in the region. More substantively, Moscow's stance blocked any possibility of developing bilateral relations in the region in such a way as "to make their health distinct from the question of institutional forms".[66]

In the period between 1994 and 1997 Russia's relations with the West and the CE states continued to be held hostage to Russia's unrelenting objection to NATO enlargement. Just as in the first period of the evolution of Russian foreign policy, when Moscow's neglect of the CE states was dictated by Russia's focus on relations with 'the civilized world', another extreme – objection to NATO enlargement – now overshadowed Russia's policy towards CE. Circumscribed by the emerging 'great power' rhetoric and lingering Soviet perception of CE, Russia placed the emphasis in its opposition to NATO expansion on NATO itself and not on those who were asking to join it. As Arbatov and Baranovsky commented:

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[63] Prizel, *National Identity and Foreign Policy,* p. 136.
[64] Davydov Yuriy, 'Russian Security and East-Central Europe', in *Russia in Europe. The Emerging Security Agenda*, ed. by Vladimir Baranovsky (Oxford: Oxford University Press for SIPRI, 1997), p. 381.
[65] Andrei Zagorsky, 'NATO Expansion: No Real Threat', *PRISM: A Biweekly on the Post-Soviet States*, Vol. 3, No. 2 (1 February, 1997).
[66] Allen C. Lynch, 'The Evolution of Russian Foreign Policy in the 1990s', *The Journal of Communist Studies and Transition Politics*, December (2001), p. 171.

> It is noteworthy that the countries of this region [CE] were not the major objects of Russia's opposition to the enlargement of NATO: instead of trying to dissuade them from moving westwards, Moscow focused upon dissuading the alliance from moving eastwards. Furthermore, Russia's opposition to this process took no account of the obvious fact that the potential for conflict within East-Central Europe would be significantly reduced by the region's involvement in the NATO security zone. [67]

As the above commentators further pointed out, Russia's tasks in its immediate environment seem to have been overshadowed by other policy goals related to considerations of status and influence.[68] As certain other writers on Russian security and foreign policy have noted, Russia's battle for participation in decision-making and implementation of a new European security system was entirely misplaced – given its size, resources and potential, it remains a vital component of the European security landscape.[69]

Indeed, NATO expansion had a profound effect on Russian foreign policy formation in the mid 1990s and heralded the emergence of the new Russian foreign policy "consensus". Although the key elements of the consensus predated serious discussion in the West about NATO enlargement, many observers argued that it was this process that accelerated it: creating a multipolar world system to resist "a unipolar world under the leadership of the US" a system in which "great power" Russia would be a pillar of multipolarity.[70] Russian foreign policy in this period was shaped by Yevgeni Primakov, Kozyrev's successor as Foreign Minister, a man regarded as the main force behind the "consensus" and a strong defender of Russian national interests. Aleksei Pushkov captured the essence of "The Primakov Doctrine" when he wrote:

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[67] Vladimir G. Baranovsky and Alexei G. Arbatov, 'The Changing Security Perspective in Europe', in *Russia and the West. The 21st Century Security Environment*, ed. by Alexei G. Arbatov, Karl Kaiser, and Robert Legvold (Armonk, New York, London: M.E.Sharpe, 1999), p. 57.
[68] *Ibid.*, p. 57.
[69] Andrew J. Pierre, Dmitri Trenin, 'Developing NATO-Russian Relations', *Survival*, Vol. 39. No. 1 (Spring 1997), pp. 9-10; Moreover, Pierre and Trenin observed that Russia miscalculated and misplaced its priorities with respect to the attempts to bolster the Organisation for Cooperation and Security in Europe (OSCE) – its positive aspects notwithstanding, few states would willingly entrust their security to such a loose arrangement.
[70] Primakov quoted in Sherman W. Garnett, 'Europe's Crossroads: Russia and the West in the New Borderlands'. in *The New Russian Foreign Policy*, ed. by Michael Mandelbaum (New York: A Council on Foreign Relations Book, 1998), pp. 68-69.

> Given her [Russia's] size, economic potential, nuclear weapons, and membership of the UN Security Council, Russia objectively remains a heavyweight of the European and world politics. Her principal objective in the context of the burgeoning new European order is to be able to make a good use of this position, to "play" it right. For its position in Europe the future of Russia is dependent on herself more than on other power centres.[71]

Primakov's "great power" rhetoric conveyed in the framework of a geopolitical or realist world view, insisting on the need to defend "national interests", appealed to a broad range of political forces in Russia. However, as Sherman Garnett observed and many other analysts agreed, the monotony of views on external challenges that emerged with Primakov's appointment obscured the link between means and ends in foreign policy – Primakov's doctrine connected Russia's national security with the preservation of Russia's status as a great power. However, Russia's resources, or means of influence were not adequate to meet the new Russian foreign policy aspirations.[72] To Primakov, however, this limitation was not to be a bar to an active world role, because Russian policy was being forwarded "by no means on the basis of current circumstances but on the basis of [Russia's] colossal potential."[73] Such 'forward looking logic' failed however to address the challenges that Russia was facing at the time. Its 'great power advertising' revealed nothing but contradictory traits that more self-assured and self-confident states would not possess.[74]

Russia's 'almost obsessive preoccupation with status' was reminiscent of Soviet behaviour during the Cold War. But as Lawrence Freedman observed, such conduct by the Soviet Union was animated by an inferiority complex vis-à-vis the United States and was echoed in demands for equal status and acknowledgement of parity in military strength.[75] Now, when

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[71] Aleksei Pushklov, '"The Primakov Doctrine" and a New European Order', *International Affairs*, Vol. 44. No. 2 (1998), p. 13.
[72] Garnett, 'Europe's Crossroads', p. 69; see also Yuri Fedorov, 'Krizis Vneshnei Politiki Rossii: Kontseptual'nyi Aspekt', *Pro et Contra*, Vol. 6, No. 1-2 (2001), pp. 31-49; Dmitri Trenin, 'Nenadezhnaya Strategiya', *Pro et Contra*, Vol. 6, No. 1-2 (2001), pp. 50-65.
[73] Primakov quoted in Garnett, 'Europe's Crossroads', p. 69.
[74] Hannes Adomeit, 'Russia as a 'Great Power' in World Affairs: Images and Reality', *International Affairs*, Vol. 71. No. 1 (1995), p. 35.
[75] Lawrence Freedman, 'The New Great Power Politics', in *Russia and the West. The 21st Century Security Environment*, ed. by Alexei G. Arbatov, Karl Kaiser, and Robert Legvold (Armonk, New York, London: M. E. Sharpe, Inc, 1999), p. 25.

Russia's capabilities have shrunk many times, it cannot present itself seriously as the US's equal. At the same time, a pure 'realist' school of thought, which influenced Russian policy-makers at the time, assumes that the threat to security comes from other states and is largely territorial in nature. With this in mind, Freedman questions the value of Russia's push for great power status: Great power to do what? To whom? On whose behalf?[76]

The explanation of Russia's stance is to be found in its internal political developments and the painful reactions to external events on the part of Russia's elites as they readjusted to the new realities. As Dmitri Trenin observed, Moscow's ideas of 'multipolarity' and 'great power' status arose from attempts at psychological adaptation on the part of the Russian elite to the loss of the status as one of the world's superpower. Thus the role these concepts play is largely instrumental – a means to reach a foreign policy consensus.[77] If the function was to enable a retreat by the Russian leadership to a more 'realistic' position, then the therapeutic role that the process played could be welcomed. 'Geopolitical determinism' was adopted by the Russian authorities, as Trenin puts it, as an unquestionable science to navigate Russia in the world. Russian foreign policy was not determined, in his view, by the need to defend national interests, but by the desire to establish a certain kind of international system.[78] This was especially evident in Russia's position on European security. Moscow strove for an equal say with the West in deciding the fate of Central Europeans, in particular determining their military-political status. Russia's painful reaction to the West's encroachment on its only recently undisputed sphere of influence was understandable. Its frustration with the current situation was further deepened by its inability to exercise the option of military intervention when unable to arrange things politically as Moscow did on a number of occasions – most notably in Hungary in 1956, and Czechoslovakia in 1968. Russia's drive to regain some semblance of credible 'great power' status was evident in its attempts to consolidate the CIS,

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[76] *Ibid.*, p. 25.
[77] Trenin, 'Nenadezhnaya Strategiya', p. 53
[78] *Ibid.*, p. 54.

attempts at unification with Belarus, announcement of strategic partnership with China. and lowering of the nuclear arms use threshold.

Russia's efforts did lead to some concessions from the West. The compromise that was reached on recognition of Russia's status as great power and influential player in European and world security was sealed by granting Russia a place in the "big seven" (now known as G8), recognition of Russia's military security concerns in the form of the revision of the Conventional Forces in Europe (CFE) treaty and signing of the Founding Act between NATO and the Russian Federation in May 1997, just months before the CE states were invited to join the Alliance.[79]

Yet despite extracting a number of concessions from the West, Russian diplomacy failed to prevent the first round of NATO enlargement. In fact, Russia's domestic consensus on its great power status, the emergence of a 'pragmatic' and realistically minded foreign policy failed in practice. Neither Russia's 'multipolar thrust', its search for counterbalances to Western dominance, nor its attempts to strengthen the CIS, produced the desired effects. On the contrary, in the instances where Russia attempted to follow up on its rhetoric its policies backfired: the greater the pressure Moscow applied on other CIS states to oppose NATO – the more those states sought closer ties with NATO.[80]

The 1997 National Security Concept recognised the limitations placed on Russia's international clout by its internal weakness. The Concept conceded that the most significant threats to Russian security emanated from within – from the political, economic and social

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[79] These developments are looked at in more detail in Chapter 3.
[80] Roland Dannreuther, 'Escaping the Enlargement Trap in NATO-Russian Relations', *Survival*, Vol. 41. No. 4 (1999-2000), pp. 145-164.

crises within Russia and from across its immediate borders, rather than from more distant territories.[81]

As far as the main ideas and perceptions underpinning the document are concerned, it seems that the Russian elite had managed to synthesise the views of the liberals and the pragmatists. The Concept emphasised that the international system was characterised by a fundamental tendency towards the consolidation of a multipolar world system. At the same time the Concept stated: "Considering the profound changes in the Russian Federation's relations with other leading powers, it can be concluded that the threat of large-scale aggression against Russia is virtually absent in the foreseeable future." In a style characteristic of liberal views, the Concept argued that 'the main threat to national security is no longer large-scale aggression, but an internal threat from acute economic and socio-ethnic tensions threatening the country's cohesion." One way of supporting internal economic reforms was by promoting a non-threatening international environment, by joining into international economic institutions, and becoming an integral part of the global economy.[82]

However, some statist pronouncements also came through strongly in the Concept. It emphasised Russia's Eurasian geopolitical location and identity as a 'powerful Eurasian power', and insisted that Russia was prepared to play a key role and participate actively in solving problems in the political, economic and military spheres. The Concept also reflected Russia's frustration with its inability to influence the evolution of European security architecture in a way it favoured: 'The process of NATO expansion to the East is unacceptable since it represents a threat to Russia's national security. Multilateral mechanisms for maintaining peace and security at both global (UN) and regional levels are still insufficiently effective, which limits Russia's potential when using such mechanisms to

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81 Concept of National Security of Russian Federation, <http://www.maindir.gov.ru/sbrf/Documents/Decree/1300-1.html>; accessed 23 November 1998

82 *Ibid*; also see Celeste A. Wallander, 'The Russian National Security Concept: A Liberal-Statist Synthesis', *PONARS, Policy Memo Series*, Memo No. 30 (http://www.fas.fas.harvard.edu/~ponars/POLICY%20MEMOS/Wallander30.html: PONARS, July 1998).

ensure its national security.' But taking the current international situation into consideration, the authors of the concept envisaged for Russia a 'leaner' military structure, mindful that 'until the non-use of force becomes the norm in international relations, national interests require a level of might sufficient for our defence', with the emphasis being put on nuclear deterrence: 'Russia does not seek to maintain parity in arms and armed forces with the leading states in the world and is oriented towards the principle of realistic deterrence, based on the suitable use of force to avert aggression.'

However, behind the veil of Primakov's rhetoric and the 1997 Concept, many observers of Russian foreign policy noted that Russian diplomacy was consistently underscoring the central importance to Russia of maintaining the best possible relations with the West, both to help safeguard regional and international stability and to assist Russia's own economic and political transformation. Russia's signing of the Founding Act with NATO meant an implicit acquiescence in the Alliance's enlargement to include Poland, the Czech Republic and Hungary, even if it did not particularly like the situation. Much of the geopolitical rhetoric was, therefore, aimed at setting 'red lines' beyond which Russia would deem NATO enlargement unacceptable.[83] The economic factor played a significant role in bringing Russia to a more compromising position – careful not to alienate the West to an extent that would jeopardise Western economic support.[84] Indeed, Primakov was careful to counterbalance the affirmation that "Russia has been and remains a great power" with emphasising the "need to create an external environment that would, to the greatest extent possible, be favourable to economic development and the continuation of the democratic process in Russian society".[85]

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[83] Roland Dannreuther, 'Escaping the Enlargement Trap in NATO-Russian Relations', *Survival*, Vol. 41. No. 4 (1999-2000), p. 147.
[84] *Ibid.*, p. 148.
[85] Primakov quoted in Lo, *Russian Foreign Policy in Post-Soviet Era*, p. 144.

The West, and Europe in particular, had become a major zone of Russian external economic activity. During the first years of the post-communist transformation, Russia turned away from trading with the former Soviet republics and countries of the Council for Mutual Economic Assistance (CMEA), and reoriented particularly towards the industrialised states of the Euro-Atlantic area. By 1997 almost 35 percent of Russian trade was conducted with the EU, although at the same time there were signs of a steady recovery of trade with Central Europe, reaching 13.6 percent.[86] As much as 70 percent of Russian exports to Europe consist of raw materials such as gas, oil and metals. Russia's heavy dependence on the raw materials sector for export revenues suggests that its influence on Russian foreign policy is considerable. Of course it is difficult to conclusively determine which factor predominates – economic interest or political priority. But as some observers noted, when security issues such as opposition to NATO expansion threatened their interests in Europe, the coalition of liberals within the Russian government and their allies in the Russian economy cooperated harmoniously to sustain engagement with the West.[87]

With the appointment of Viktor Chernomyrdin, the former chairman of Gazprom (the Russian gas monopoly), as Russian Prime Minister in 1992, the energy industry received a major boost to its lobbying capacity.[88] Although Russian oil companies, along with Gazprom, constitute the backbone of Russia's trade links with Europe and the West, Gazprom, unlike oil firms, is a state-controlled monopoly with an integrated structure. Gazprom, according to Irina Kobrinskaya, boasted an impressive list of successes in its foreign activities throughout the 1990s: creating of a number of joint ventures across Western and Central Europe, persuading

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[86] Hans-Hermann Höhman, and Christian Meier, 'Conceptual, Internal, and International Aspects of Russia's Economic Security', in *Russia and the West. The 21st Century Security Environment*, ed. by Alexei G. Arbatov, Karl Kaiser, and Robert Legvold (Armonk, New York, London: M. E. Sharpe, Inc, 1999).

[87] Michael McFaul, 'Domestic Politics of NATO Expansion in Russia: Implications for American Foreign Policy', *PONARS Policy Memo No. 5* (http://www.fas.harvard.edu/~ponars/POLICY%20MEMOS/Mcfaulmemo.html: October 1997).

[88] Most experts agree that Chernomyrdin, during his premiership, was a major force behind the energy sector interests in the government. See Irina Kobrinskaya, 'Vnutrennie Faktory Vneshnei Politiki v Postkommunisticheskoi Rossii', in *Rossiya Politicheskaya*, ed. by Lilia Shevtsova, (Moscow: Tsentr Karnegie, 1998), p. 281.

Poland to agree to the construction of a USD35 billion gas pipeline running from Russia to Western Europe through its territory, and overcoming Warsaw's plans to diversify its sources of gas imports so as to decrease dependence on Russia.[89] As will be seen in chapter 4, Gazprom was the only company to have a long-term strategy of relations with CE, one which it succeeded in putting into practice.

Gazprom's geographic orientation explains its interest in stability and an improvement of Russia's relations with western CIS republics, Central Europe and Western Europe. Gazprom's unique position as almost exclusive supplier of gas to a number of Central European countries, and supplier of up to a third of the needs of some West European states, makes Gazprom an important instrument of influence. Indeed, on several occasions Russian politicians did resort to threats to stop supplies if NATO enlargement were to take place. Gazprom's interests suffered as a result, making it more important for the company to work with government to project the image of a reliable and stable supplier and to resist its use as a stick to punish its opponents. In such a way it exerted a stabilising role on Russian foreign policy.[90]

By late 1990s one could observe a tendency to try to strike a balance in Russian foreign policy between great power pretensions and preserving links with the West. This approach was evident even at such a dramatic time as the Kosovo crisis in 1999. While some officials expressed outrage over NATO's 'aggression against Yugoslavia', others continued to work with the international financial institutions and individual states to seek economic assistance in the wake of Russia's August 1998 financial crisis. This combined approach demonstrated an underlying understanding that despite Russia's unhappiness with the geopolitical situation in Europe and discontent over US influence in the region, and despite Moscow's attempts to

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[89] *Ibid.*, p. 283.
[90] Amy Myers and Robert A. Manning Jaffe, 'Russia, Energy and the West', *Survival*, Vol. 43. No. 2 (Summer 2001), pp. 139-140.

create a balance and build counter weights in the East (China and India). the West remained the vital target of Russian foreign policy as a source of financial support and as a partner in economic development. In other words, Russia's geopolitical 'bark' was bigger than its bite: its position was significantly undercut by economic weakness and a lack of the resources needed to buttress its 'great power' claims.

However, while Russia's foreign policy was presented as pragmatic and realistic – "Russia is not anti-Western, yet it will stand up for its national interests" – the appeal of international prestige associated with great power status and exaggerated hopes for restored influence clouded Russia's perception of institutional developments in Europe. This in turn led to a misguided understanding of its interests in Europe and misplaced policies in response to the changes there. The most visible example of misunderstanding and lack of foresight was the evolution of Russia's perception of the EU and Moscow's relative calm in response to, and even support for, EU enlargement. Because of Russia's lack of knowledge about the EU and its perception of it as a purely economic association, the EU was relatively favourably looked upon in Moscow, and seen as a non-threatening institution.[91] The place of the EU in Russia's European policy was further enhanced by Moscow's opposition to NATO enlargement. In a sense, Russia's calculation in supporting the enlargement of the EU and opposing that of NATO was based on a direct association of NATO with the USA. Thus 'more EU' in Russia's realist world of geopolitics and zero-sum-game thinking meant 'less NATO'.

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[91] It is beyond the scope of this chapter to give a detailed account of the evolution of Russia's relations with the EU. For the most recent and exhaustive study of Russian perspectives on the EU see Vladimir Baranovsky, *Russia's Attitude Towards the EU: Political Aspects* (Helsinki: Ulkopoliittinen instituuti/The Finnish Institute of International Affairs / Institut für Europäische Politik, 2002); other studies on Russia-EU relations include: Igor Leshukov, 'Rossiya i Evropeiskii Soyuz: Strategiya Vzaimootnoshenii', in *Rossiya i Osnovnye Instituty Bezopasnosti v Evrope: Vstupaya v XXI* Vek, ed. by Dmitri Trenin (Moscow: Moscow Carnegie Center, 2000); Stanislav Tkachenko, 'Rashirenie ES i Voprosy Bezopasnosti Rossii', in *Rossiya i Osnovnye Instituty Bezopasnosti v Evrope: Vstupaya v XXI* Vek, ed. by Trenin, Dmitri (Moscow: Moscow Carnegie Center, 2000); David Gowan, *How the EU Can Help Russia* (London: Centre for European Reform, 2000); Igor Leshukov, 'Beyond Satisfaction: Russia's Perspectives on European Integration', ZEI Discussion Paper C 26 (Bonn: Center for European Integration Studies, Rheinische Fridriesche-Wilhelms-Universität, 1998); Timofei Bordachev, 'Terra Incognita, ili Evropeiskaya Politika Rossii', *Pro et Contra*, Vol. 6. No. 4 (2001), pp. 23-32; Margot Light, John Löwenhardt and Stephen White, 'Russian Perspectives on European Security', *European Foreign Affairs Review*, Vol. 5. No. 4 (2000), pp. 489-505.

Moreover, Russia's support of the EU also fitted well with its vision at the time of a multipolar world order. From the mid-1990s, Russian support for CE states' entry into the EU was seen as an alternative to their membership of the Transatlantic Alliance, without any analysis or understanding of the far-reaching implications for Russia of CE membership in the EU. Although the Russian authorities and many analysts saw the EU overwhelmingly as a multinational regional economic institution, their linkage of EU enlargement to that of NATO was based on the political aspects of both processes.

Such a narrow reading of the situation led many in Russia to underestimate the potential consequences of EU enlargement on Russia's relations with CE candidate member states and Russia's relations with Europe more broadly. As Vladimir Baranovsky has pointed out, whereas NATO enlargement was opposed on the grounds of isolating Russia from Europe and creating dividing lines, the robustness of the EU accession process and strict accession criteria, compared to that of NATO, bring with them far more complex and irreversible changes to the CE states, potentially turning 'dividing lines' created by NATO into an abyss once they acceded to the EU.[92] Among the first visible and tangible challenges that EU enlargement brought home to Moscow was the problem of Russia's Kaliningrad exclave and the adoption of Schengen regulations by the CE candidate states.

The appreciation of the challenges that EU enlargement could bring to Russia was not fully understood in Moscow, yet such ignorance was not without benefit. As Vladimir Baranovsky concluded, whatever the origin of Russia's benign vision of the EU – sophisticated calculation or ill-grounded illusions (or a mixture) – the result in any case supported the 'pro-EU' logic in foreign policy making. Moscow's benevolent perception of the EU was not undermined even during the Kosovo war. Some Russian observers were quite surprised at the almost complete

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92 Baranovsky, *Russia's Attitude Towards the EU*, pp. 131-132.

lack of criticism in Russia of the EU or its member states during the war in the Balkans, with NATO and the US bearing the brunt of Russia's outrage, despite the largely overlapping membership and the EU's unanimous support for the military action against Serbia.[93] One Russian observer called Russia's separation of the so-called 'good West' from the 'bad West' a "foreign policy schizophrenia" that ignored the fact that when united Europe was faced with the choice, its commitment to Transatlantic solidarity has never failed the test.[94] In favouring EU enlargement over that of NATO Russia refused to accept the fact that all of the candidates to both organisations were decisively pro-American and somewhat anti-Russian. Thus if Russia omitted to cultivate relations with these states, both organisations could become less rather than more forthcoming in developing relations with Moscow.

The Kosovo crisis became one of the turning points in Russian foreign and security policy during the third phase of Russian foreign policy. Relations with NATO were reassessed and there was increased attention to Europe. Some political analysts, such as Andrei Fedorov, declared that NATO's Kosovo war had done Russia one great favour – it disillusioned many Russians, including highly placed ones, with the West as a strategic partner.[95] For many Russians, NATO's campaign in Kosovo, which commenced just weeks after the three CE states formally acceded to the Alliance, served to justify their prior suspicions and led to a new conviction that NATO is not an institution or instrument of security but one of war, murder and aggression.[96] NATO's New Strategic Concept adopted at the height of the crisis, created more concerns for Russian strategic planners, even though Russia was no longer mentioned as a potential security threat. This time anti-NATO rhetoric was backed by Russian actions – Moscow froze its ties with the alliance, and, more importantly, NATO air strikes

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[93] As Timofei Bordachev has pointed out, Russia's differences with the EU were much deeper than Moscow was prepared to discuss openly - the EU members adopted an anti-Serb position and favoured US involvement in settling the Kosovo crisis. See Bordachev, 'Terra Incognita', p. 30.
[94] Bordachev, 'Terra Incognita, ili Evropeiskaya Politika Rossii', p. 28.
[95] Andrei Fedorov, 'New Pragmatism of Russia's Foreign Policy', *International Affairs*, Vol. 45. No. 5 (1999). pp. 47-52.
[96] Oksana Antonenko, 'Russia, NATO and European Security After Kosovo', *Survival*, Vol. 41. No. 4 (Winter 1999-2000), p. 131.

triggered a revision of Russia's foreign policy doctrine, provoking changes in the country's nuclear posture. The Russia Security Council meeting in April 1999 adopted three programmes, all of which were classified. However, some of the reports that emerged in the press shed light on possible changes to nuclear weapons policy – extending the life of Russia's intercontinental ballistic missiles (ICBMs), and possibly equipping its strategic bombers with non-nuclear cruise missiles.[97] In addition, in June of the same year, Russia conducted one of the largest military exercises in its post-Soviet history, "West-99", that involved five military districts and a unified Russian-Belarusian group of forces that simulated a response to an attack from "an unspecified military alliance".[98]

As Baranovsky's comment cited above hinted, however, Russia's re-focusing on the EU, for geo-political as well economic reasons, led in the end to the development of a more balanced and holistic foreign policy. As was noted above, Russian foreign policy makers who asserted 'great power' status for Russia (whether for reasons of sincere belief or domestic political necessity), have never advocated a complete breakaway from the West or a return to Cold-War style anti-Westernism. Developing a structured and institutionalised dialogue with the EU offered Russia an opportunity to maintain political and economic ties with a part of the West it was not allergic to. Russia's growing dependence on economic ties with the EU also played an important part in bringing Russia closer in.

The launch of the European Security and Defence Policy (ESDP) as part of the EU's Common Foreign and Security Policy (CFSP), coincided with a period of sharp deterioration in relations between Russia and NATO. It is not surprising, therefore, that Russia's response

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[97] *Ibid.*, p. 135.
[98] *Ibid.* For an analysis of Russia's response to the Kosovo crisis and its implications for Russian security see Dmitri Danilov, Arkadi Moshes, Timofei Bordachev, *Kosovskii Krizis: Novye Evropeiskie Realii* (Moscow: Russian Academy of Sciences, Institute of Europe, 1999).

to what many pictured as Europe's (geo-strategic) coming of age was very supportive.[99] In its response to the EU Strategy on Russia, Moscow's 'Mid-Term strategy on relations with the EU', had quite blatantly expressed its vision of the emerging EU security role – "the provision of pan-European security based on the capabilities of the Europeans themselves, without isolating the US and NATO, but without allowing the latter a monopoly [over security] on the continent".[100]

From 1999 Russia and the EU moved to develop an unprecedented level of institutionalisation of relations both in the economic and the political spheres. Even vociferous criticism from the EU of Russia's conduct in Chechnya, something that Russia would normally reject as scandalous interference in its domestic affairs, failed to provoke any dramatic gestures on Moscow's part. On the contrary, in response to Western demands Moscow reacted by permitting a degree of openness in the region.[101]

This trend in Russian foreign policy heralded a new stage in its evolution under the new presidency of Vladimir Putin. The foreign and security policy outlook of the country that Putin inherited started (as described above) to change gradually towards a more 'realistic realism', reflected in a growing emphasis on the economic dimension of Russian security policy and the gradual re-establishment of ties with NATO. This came at the same time as new policy documents such as the National Security Concept, the Military Doctrine and the Foreign Policy Concept were issued, reflecting concern over alarming developments in international relations, such as a weakening of the OSCE and the UN, as well as a weakening of Russia's political, economic, and military influence in the world and the consolidation of

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[99] For an overview of the evolution of Russia's views on ESDP and CFSP see Clelia Rontoyanni, 'So Far, so Good? Russia and the ESDP', *International Affairs*, Vol. 78. No. 4 (2002). pp. 813-830. and also Baranovsky. *Russia's Attitude Towards the EU.*

[100] "Strategy for the development of relations between the Russian Federation and the European Union in the medium term (2000-2010)", *Diplomaticheskii vestnik*, November 1999, pp. 20-28.

[101] Baranovsky, 'Russia'.

military-political blocs and alliances (particularly the further eastward expansion of NATO).[102] Similarly, the Foreign Policy Concept drew attention to the problems Russia was facing in promoting a multipolar word system at the time of the growing tendency by the US to establishing a unipolar world. In its list of regional priorities, the Concept for the first time mentioned the EU and placed it second only to the CIS.[103] According to the Concept, Russia saw in the EU one of its most important international political and economic actors.

Many observers of Russian foreign policy noted a gradual shift in Russian rhetoric away from what Trenin called an 'unreliable strategy' of multipolarity, towards a more pragmatic, economically-driven foreign policy.[104] Some noted that Putin shied away from invoking the 'loaded term of multipolarity'. As Lo has pointed out, part of the reason is presentational – a desire to avoid gratuitous irritation, but more important is the apparent belief that the West, for good or ill, must continue to be the principal point of reference for Russian policy-makers:

> In place of uncertainty and accompanying *angst* about whether the international environment is benign or hostile, there is an appreciation of the need for a more even approach to international developments, one that avoids the twin extremes of excessive expectations and an intemperate and quasi-confrontational prejudice.[105]

This dramatic turn in Russian foreign policy, accompanied by the re-instatement of relations with NATO, was christened by some Russian analysts as hard-line or authoritarian Westernism.[106] One of the driving forces behind Putin's foreign policy was to project an image of Russia as a predictable and responsible country. The new Russian President has not abandoned the ambition of reinstating Russia as a great power. However, in a change of tactics rather than a change of strategy, the methods have changed. One of the key lessons that

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[102] 'Kontseptsiya natsional'noi bezopasnosti Rossiiskoi Federatsii', in *Nezavisimoe voennoe obozrenie*, 29 November 1999.
[103] 'Kontseptsiya vneshnei politiki Rossiiskoi Federatsii', [http://www.mid.ru/mid/vpcons.htm]
[104] Dmitri Trenin, 'Nenadezhnaya Strategiya', *Pro et Contra*, Vol. 6. No. 1-2 (2001), pp. 50-65.
[105] Bobo Lo, *Russian Foreign Policy in Post-Soviet Era. Reality, Illusion and Mythmaking* (Basingstoke and New York: Palgrave Macmillan, 2002), p. 160.
[106] Dmitri Glinsky-Vassiliev, 'The Views of the Russian Elite Toward NATO Membership', *PONARS, Policy Memo Series*, Memo No. 126 (Http://www.fas.fas.harvard.edu/~ponars/POLICY%20MEMOS/GlinskiVass126.html: PONARS, April 2000).

the Russian authorities appear to have learned was that Russia's international weight is directly contingent on the state of its economy.

The growing *rapprochement* with the West and the US seen at the start of Putin's presidency received a major fillip in the aftermath of the terrorist attacks of September 2001 in the USA. The improvement of relations with the West has given Putin's foreign policy direction more legitimacy at home and in the fight against international terrorism has given Russia and the West common ground for cooperation. At the same time, the more economy-driven foreign policy remains intact. The revitalised and re-invented NATO-Russia partnership in the new forum "NATO-Russia Council" or "NATO at 20" has reduced the high-politics profile of Russia-EU relations, leading them to concentrate on more urgent issues between the two sides, particularly concerning the economic dimension and the effects of enlargement on Russia.

Russia's foreign policy in the last decade has come full circle in its relations with Europe – from unqualified Westernism to a more pragmatic, realistic style of relations guided by considerations of national interest. The debate is still open as to what constitute Russia's interests, yet it seems that the foreign policy is driven predominantly by the need to rebuild the economy, a task in which the West and Western-dominated institutions play the key role. While geopolitical concerns still remain in the background of Russian security thinking, there has been a noticeable change in Russia's approach to achieving its geopolitical objectives. Russia's relations with the CE states have also benefited from the change.

As the following chapters will demonstrate, the evolution of Russian foreign and security policy could not but affect Moscow's ties with CE. During the initial period of re-adjustment to the new international environment and search for its post-Soviet identity, Russian foreign

policy suffered from a pro-Western bias at the expense of other foreign policy directions, CE included. In reaction to the inflated expectations of partnership with the West and domestic response to the hardship brought by the reforms, the pendulum of Russia's foreign policy swung almost to the other extreme. The memory of Russia's superpower status, the rise of geopolitics amongst the majority of the Russian political elite as the organising theory, seemed to offer the best guidance in solving Russian foreign policy and national security problems, but threatened to pit Russia against the West once again. CE moved to the centre-stage of Russian foreign policy, yet only as a variable of Russia-West dialogue. The burden of the past and unfriendly perceptions that both Russia and the CE states had towards each other re-appeared again with new force, making practical steps in settling differences all the more difficult. Moscow's hostile reaction to NATO enlargement and the Alliance's actions in Kosovo vindicated the views of many in Russia who remained suspicious of the West. It was not surprising, therefore, that Russia's relations with CE fell to a new low.

However, as we have seen, since the end of 1999, Russia's new leadership has gradually moved to rebuild pragmatic ties with the West and steered its foreign policy to serve the country's economic needs. Such a pragmatic approach, as we shall see, has also benefited Russia's ties with Central Europe. Putin's leadership, unburdened by the legacy of the Soviet imperial past, gave Russia a foreign policy that is notable by its balanced approach free of great power ambitions. Such an approach has allowed Russian-CE ties to develop in a more constructive way.

Chapter 3

Russia's Relations with Central Europe: 'Hard Security' Aspects

Introduction

The aim of this chapter is to trace the development of Russia's policy towards the states of Central Europe (CE) – Poland, Hungary, the Czech Republic and Slovakia, the four members of the Visegrad group, since the collapse of the Soviet Union. This chapter is mainly concerned with what is traditionally understood as the 'conventional' aspect of security relations, dealing primarily with military and political issues pertaining to state security, or 'hard security'. The analysis attempts to explore and explain how developments in European security, changes inside Russia and Central Europe, and changes in Russia's perception of its national interests, influenced Moscow's policies towards CE.

The chapter begins with an assessment of the main factors influencing Russian national security policy. A number of factors determined the character of security relations within the Russia-CE regional security complex at various stages in the last decade: the external security environment of the security complex, internal developments within Russia and individual CE states, and the role of history and (mis)perception of each other in shaping security and foreign policies. The main external factors in this respect are Russia's relations with the West, the processes of NATO and EU enlargement, its ties with the European Union (EU), the role of the Organisation for Security and Cooperation in Europe (OSCE, formerly CSCE), Russia's policy towards the ex-Soviet Republics, and various regional and subregional cooperation projects. In their turn, a number of internal factors also influenced Russia's policy and the process of identification of its

national interests, such as the turmoil associated with reforms, changes in elite and public security perceptions and national identity (self-perception), attitudes and the legacy of the past.

In the case of Russia, ambiguity surrounding the official position on its national interests is a reflection of the instability of Russia's self-conception (identity) in the first years after the dissolution of the Soviet Union. In its turn, this ambiguity is supplemented by factors such as the weakness of state institutions, and the decrease in material capabilities translated into loss of international influence. This all had a direct impact on the way Russian national interests and, therefore, policies were formulated. State identity is often formulated, among other things, through evocation of historical experience as a frame of reference. As will be demonstrated, this often informed Russia's position with respect to CE, the West and the process of NATO enlargement. This is true not only of the way Russia's perceptions of CE and the wider world are constructed, but also (through the reference to the past experience) of the way Russia is perceived outside its borders.[1] This historical dimension constitutes an important part of the dynamics that drives Russian-CE relations at the bilateral and multilateral levels.

The subsequent discussion is organised around four time periods. As with any periodisation, there is no clear-cut boundary between the periods of Russia's post-Soviet development, but rather gradual shifts marked by changes in the political balance of power, and changes in the international environment leading to adjustments in the formulation of national interests and foreign policy.

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[1] As Peter J. Katzenstein noted: "History is a process of change that leaves an imprint on state identity". See Peter J. Katzenstein, "Introduction: Alternative Perspectives on National Security," in Peter J. Katzenstein (ed.) *The Culture of National Security: Norms and Identity in World Politics*, (New York: Columbia University Press, 1996), p. 23.

Russian National Security and Central Europe – 1991-1993

Central Europe and the Evolution of the Russian National Security Debate (1991-1993)

Despite the fact that Moscow has no common borders with the CE states region, with the exception of the Kaliningrad *oblast*, in the period between 1991 and 1993 Russia still viewed the region as being important to the country's national security, as an important element in an all-inclusive European system of states. Russia's initial pro-Western orientation and belief that a new pan-European collective security system based on CSCE could replace Cold War institutions like NATO placed CE within such a framework. Such foreign policy thinking, which was a continuation of Gorbachev's 'European Common Home' line, saw no need for CE to join security structures like NATO. A European security system based on collective security ideas would also be sure to include Russia as an integral part.

The subsequent evolution of Russia's strategy and formulation of its national interests relating to the Visegrad states through the 1990s was a controversial and not always very straightforward process. The evolution of Moscow's vision of the region in its new security environment was affected by transformations taking place in Russia's domestic affairs, and by changes that were taking place within the CE states and in the wider Europe. The changes in the security landscape forced them to make strategic choices in relations with each other and with the remaining Western security institutions. These strategic choices, however, and their incompatibility, defined and set the dynamics of Russia's bilateral relations with the Visegrad states.

Russia's relations with the states of Central Europe were further affected by initial inconsistency and disorder in Russia's overall security thinking and perception of its national interests. The CE states did not have a special place in the list of the country's top priorities. This fact is explained

by Russia's overall international orientation at that stage and its pre-occupation with domestic transformation. The narrow circle of the Russian elite was quite indifferent to and uninterested in Russian relations with the ex-Soviet republics, let alone the former Eastern bloc states; joining the club of civilised democratic nations (in other words Western states) was its prime national security and foreign policy objective.[2] According to Alexei Arbatov, the pro-western attitude of the then Russian Foreign Minister Andrey Kozyrev, with general support coming from President Yeltsin and his close associates and advisors, suffered from "a heavy bias towards economic determinism, universal democratic values and a general neglect of the competitive geopolitical and strategic elements of international politics".[3] Although the 'post-imperial' stage of pro-Western idealism proved to be transitory and short-lived, in the eyes of Russia's wider foreign policy, security and political elite this became a period of important missed and wasted opportunities, with unpredictable consequences for the country's national security. In retrospect, some Russian analysts noted that "Russia's relations with the former allies in East-Central Europe represent one of the most significant failures of post-Soviet Russia in the international arena, reflecting above all the deficiency in strategic thinking in Moscow."[4]

The former allies in Central Europe had nothing to offer the Russian authorities in their efforts to reform Russia's economy and consolidate its statehood, except for a possible model of economic reform. The Gaidar government resorted to advice from Polish economic reformers like Leszek Balcerowicz and Marek Dombrowski. For Russian technocrats from the Gaidar entourage, as Agnieszka Magdziak-Miszewska observed, Poland was of interest only as a test site for market

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[2] Andrey Kozyrev, "Transformed Russia in a New World", *Izvestia*, 2 January 1992, p. 3.
[3] Alexei Arbatov, 'Russian Foreign Policy Thinking in Transition,' in Vladimir Baranovsky (ed.), *Russia and Europe: the Emerging Security Agenda*. (Oxford: Oxford University Press for SIPRI, 1997), p. 136.
[4] Alexei Arbatov, Vladimir Baranovsky et.al., 'Introduction', in Vladimir Baranovsky, *Ibid.*, p, 11. See also Igor Orlik, 'Tsentral'no-Vostochnaya Evropa mezhdu Rossiyei i Zapadom', in *Vestnik nauchnoi informatsii*, no. 5, (Moscow: IMEPI RAN, 1997), pp.3-11; Irina Kobrinskaya, *Rossiya i Tsentral'naya Vostochnaya Evropa posle "kholodnoi voiny"*, (Moscow: Moskovskii Tsentr Carnegie, Carnegie Endowment for International Peace, 1997; Aleksei Pushkov, 'Vostochnaya Evropa – vremia sobirat' kamni,' *Moskovskie novosti*, July 30 – August 6, 1995, p. 8.

reforms.[5] The West, on the other hand, seemed a key source of expertise, financial assistance, and, more importantly, political support to the Yeltsin regime. The states of CE, for their part, were confronted with similar problems and perceived cooperation with the West as the best chance of improving their socio-economic situation. Having proclaimed their strategic objective of a 'return to Europe', they saw little value in maintaining relations with Russia beyond what was seen as reasonably sufficient. Most of the states in CE, even in the face of the considerable negative impact of the collapse of the CMEA trading system on their production levels, did not actively seek to secure stable receipts of Russian oil and gas. Some of the most ardent reformers at the time, such as the then Czechoslovak Prime Minister Václav Klaus, considered the collapse of the old Soviet trading system a useful part of shock therapy which would force a rapid reorientation of trade to the West. Hence there was no motive for re-establishing economic cooperation with Russia.[6]

Both Russia's and Central Europe's re-orientation towards the West resulted in rivalry between them for the West's attention and support in the shape of aid, credits, investments and other preferences. Owing to its sheer size, remaining influence, nuclear status, and its potential for creating security risks, the West had bigger stakes in supporting a peaceful transition in Russia.[7] The West's courting of Russia at the time upset many in Central Europe, who felt that the West devoted too much attention to that country.[8] As one Russian observer noted, their elites therefore tried to persuade the West that Russia could hardly become a European state in the

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[5] Agnieszka Magziak-Miszewska, 'Calkowita asymetria', *Rzeczpospolita*, 4 March, 1997, cited in Irina Kobrinskaya, 1997, p. 119.
[6] Alex Pravda, 1994, p. 146.
[7] John Dunn, "Russia's Foreign Policy Concerns and the Implications for Western Security," in *New Forms of Security: Views from Central, Eastern and Western Europe*, Dunay, Pál, Gábor Kardos, Andrew J. Williams (Aldershot: Dartmouth, 1995), pp. 78-79.
[8] Nikolai Bukharin, A.P. Yershov, "Russia-Poland," *Vestnik Nauchnoi Informatsii* (Moscow), no. 12 (IMEPI RAN, 1994), p. 55.

future, and that Russia's loyalty to the West was tactical in nature.[9] Although many in CE did not share this point of view, it nevertheless became one of the factors that contributed to the alienation of Russia from the region. In general mutually negative perceptions played an important role in the developing alienation between the two sides and hampered the establishment of positive relations between Russia and the CE states.

The shift in the domestic alignment of forces and the influence that they exerted on foreign policy in the aftermath of the 1993 Duma elections failed to produce a clearer policy towards CE. With the rise of geopolitical views of the national interests, the CE region came to be viewed simply as a 'battle ground' for influence with the West, with Russia's security thinking tending to slip into 'besieged fortress' mode. In practice, therefore, Russia's relations with the CE states were usually narrowed down to questions of how to prevent eastward NATO enlargement.[10]

The growing distance between Russia and CE and the disjuncture in their vision of the European security system translated into unstable bilateral political relations. This was reflected in Russia's official position with respect to the states of CE region. The print media and official documents examined in the course of the research revealed little evidence of the existence of a Russian Central Europe policy. One of the few early statements that could qualify as an attempt to express Russia's position on relations with its former allies was articulated by Andrey Kozyrev at his address at a seminar on the future of the CSCE in Budapest in December 1992:

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[9] Yuri Davydov, "Russia and Eastern Europe," *Security for Europe Working Paper no. 4*, Discussion paper, Center for Foreign Policy Development, Brown University, Winter 1993, p. 8.

[10] Alexander Duleba, "The Slovak-Ukrainian-Russian Security Triangle," inn Margarita Balmaceda (ed.), *On the Edge. Ukrainian-Central Europe-Russian Security Triangle*, (Budapest: Central European University, 2000), p. 95.

> In its relations with East European states, Russia is adhering to a principally new strategy of inter-state relations. It [the strategy] is totally devoid of the imperial arrogance and egocentrism characteristic of the Soviet Union, and is based on the principles of equality and mutual benefit.[11]

President Yeltsin himself, a little earlier, in a speech in October 1992, stated that the CE region was of considerable strategic importance to Russia. This assertion seemed to imply a more active Russian role in the area.[12] However, Russia's actual policy with respect to CE under Yeltsin's first administration made some observers conclude that CE had become the region of forgotten neighbours, as Russia continued to concentrate on relations with the West and the near abroad.[13] Others concluded that Moscow had adopted a policy of 'benign neglect' and had made little effort to develop an overarching policy toward the region.[14]

In accordance with their stated policies outlined above, the new political elites of the CE states continued to pursue a rapid about-face to the West and close integration with their West European neighbours. NATO, for instance, was seen in the CE capitals as the only existing structure in post-Cold War Europe that could guarantee security and stability to its members.[15] The main political groups in Poland, for example, had come to a consensus by 1993 that their country's security should be linked to a new European order based militarily on NATO and the

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[11] Quoted in Boris Shmelev, "Otnosheniya Rossii so stranami tsentral'noi Evropy i interesy ee natsional'no-gosudarstvennoi bezopasnosti," proceedings of the international conference *Rossiya i tsentral'naya Evropa v novykh geopolitcheskikh real'nostiakh*, (Moscow: IMEPI RAN, 1995), p. 329.

[12] *Rossiiskie vesti,* 29 October 1992, p. 1.

[13] Mike Bowker, 'Russian Policy Toward Central and Eastern Europe,' p. 71.

[14] F. Stephen Larrabee, 'East Central Europe,' in Zalmay Khalilzad (ed.), *Strategic Appraisal 1996*, (Santa Monica: RAND, 1996), p. 132.

[15] Wojciech Kostecki, 'Poland', in Hans Mouritzen (ed.), *Bordering Russia – Theory and Prospects for Europe's Baltic Rim*, (Aldershot: Ashgate, 1998), pp. 210-214; Adrian Hyde-Price, 1994, pp. 238-257; Vladimir V. Kusin, 'Security Concerns on Central Europe,' RFE/RL Research Report, *Report on Eastern Europe*, vol. 2, no. 10, March 1991, pp. 36-37; Alfred A. Reich, 'Central Europe's Disappointments and Hopes', *RFE/RL Research Report*, vol. 3, no. 12, 25 March 1994, pp.18-37; Michael Radu, 'Why Eastern and Central Europe Look West', *Orbis*, Winter 1997, pp. 39-57; Piotr Dutkiewicz and Slawomir Lodzinski, 'The "Grey Zone" – Poland's Security Policy Since 1989', in Piotr Dutkiewicz and Robert J. Jackson (eds.), *NATO Looks East*, (London: PRAEGER, 1998), pp. 87-98; Jane M.O. Sharp, 'Security Options for Central Europe', in Beverly Crawford (ed.), *The Future of European Security*, (Berkeley: International and Area Studies, Center for German and European Studies, University of California at Berkeley, 1992), pp. 54-78.

Western European Union (WEU), politically on the CSCE, and only to a lesser degree on bilateral links and small coalitions within the surrounding sub-region.[16] Russia was still perceived as an important element of the CE states' foreign and security policies, but not to the same degree and not in the same positive light as the Western nations. In such circumstances, some Russian analysts concluded, Russia could hardly conduct an active policy in that region – Central European nations, "like released prisoners, scattered in various directions, as soon as the doors of the Soviet Empire were suddenly opened wide before them".[17]

Moreover, as was observed earlier, the legacy of the past and elite and public perceptions played an important role in the way Russian and CE governments formed their policies towards each other. In the perception of the Russian foreign policy elite, CE remained a kind of 'post-Soviet constituency' and it took a long time for many Russian elite and foreign policy cadres to get used to the fact that CE countries were sovereign and independent states. The traditional perception of the CE states as pawns in a broader struggle for dominance and hegemony by the great powers of Europe was still deeply entrenched in the minds of Russian policy makers.[18] This perception, in part, manifested itself as the debate about NATO enlargement was gaining momentum and Russia's ideas and half-hearted proposals for future security arrangements in Europe were not responded to adequately elsewhere in Europe. The CE states regained their prominence in Russian foreign and national security, if only indirectly, and became a crucial element in Russia's worsening relations with the West as plans to enlarge NATO started to take shape.

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[16] Hieronim Kubiak, p. 70.
[17] Yevgeniy Bazhanov, 'Top Priorities of Russian Foreign Policy,' *New Times*, October 1995, p. 32. see also *Vestnik nauchnoi informatsii*, no. 13, (Moscow: IMPEI, 1994), pp. 37-38.
[18] Gerhard Mangot, 'Russian Policies on Central and Eastern Europe: An Overview', *European Security*, vol. 8, no. 3, Autumn 1999, p. 46.

The Russian press at the time gave some insight into what other viewpoints on these issues existed within the country. A report, "Strategy for Russia: Strategy-1", prepared by the non-governmental Council on Foreign and Defence Policy (SVOP), appeared in *Nezavisimaya gazeta* in August 1992. The report, which, as it was subsequently claimed by its authors, exercised significant influence on official foreign policy, paid some attention to the CE region and signalled the beginning of the shift from Kozyrev's pro-Westernism to a more "pragmatic" foreign policy. Complaining that Russia had failed to produce a coherent foreign and military policy and overarching long-term national security strategy, the report called on the Russian authorities to make greater efforts to bring about an active policy towards Central Europe. The report argued that Russia would not benefit from the CE states becoming members of a security organisation that did not include Russia. Russia's isolation would increase if the CE states joined Western security structures such as the WEU and NATO. At the same time, the report was realistic in its assessments, arguing that the CE states would not occupy a first priority place in Russian foreign policy:

> The West is their priority; they are separated from Russia geographically; they do not have the means and technology to play a significant role in Russia's revival. Therefore, any attempts to place the CE states amongst Russia's top priorities are not realistic. Poland, because of its geopolitical position, has the biggest importance for Russia in the region (Slovakia can be named here as well).[19]

Following the start of this unofficial public debate and subsequent widening criticism of the current foreign policy line, a draft version of "The Concept of the Russian Federation's Foreign Policy" was published for public discussion in December 1992. It also represented a first attempt in post-Soviet Russia to produce an official foreign policy doctrine. Drafted by the Ministry of Foreign Affairs, the Concept, after extensive reviewing and redrafting in the Security Council, was legally endorsed by President Yeltsin in April 1993.[20] Generally domestically focused,

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[19] *Nezavisimaya Gazeta* (19 August, 1992), The URL address of the text is http://svop.ru/doklad16.htm.
[20] The final version signed into law was never officially released. The draft version appeared in *Rossiyskie vesti*, 3 December 1992, p. 2.

emphasising that the main tasks of the country's foreign policy should be reviving Russia as a democratic and free country, creating conditions for shaping a market economy to match the status of a great power, the Concept marked a shift in Russia's foreign policy. What was striking about the Concept was that it gave unprecedented prominence to the former Soviet states and the protection of ethnic Russians in them, by military means if necessary. Commenting on the draft Concept, Foreign Minister Kozyrev emphasised that one of Russia's main priorities was creating a zone of good neighbourliness along all of Russia's borders. The Concept also articulated Russia's view of the role the CE region in this process. It called for:

> ...reaching a qualitatively new level of political and economic relations with East European countries, utilising the positive experience accumulated in practical questions of cooperation. The strategic task is to prevent East Europe's transformation into a kind of buffer zone isolating us from the West. At the same time, we cannot allow Russia to be squeezed out of the East European region by Western powers.[21]

The Concept revealed that Russia still perceived Central Europe as an important region for its national security, albeit in the context of a wider effort to avoid becoming isolated from the West. The Concept appeared to reflect a realisation that the current state of affairs between Russia and the CE states might lead to such isolation, and a concern that Russia was being pushed out of Central Europe and denied its say on the future of a region vital to its national security. For Russia, CE was only of secondary importance compared to the West and was still seen as an 'object' rather than a 'subject' of national security, a region whose future was to be decided between Russia and the West.

The arrival of the Concept marked a move towards consensus in Russian national security and foreign policy thinking, the conclusion of the first and beginning of the second phase of post-Soviet Russian foreign policy. In a more energetic and active defence of national interests, the CE region was seen as a sphere of interests which required an active foreign policy. The record of

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[21] *Ibid.*

Russia's relations with the states of CE during the first phase of Russian foreign policy reveals, by contrast, a very inconsistent and reactive, rather than pro-active and coherent policy. The fluidity of the domestic situation, various state agencies competing for their say on foreign policy matters, as well as the complicated legacy of the Russia-CE mutual past, and systemic geopolitical changes in Europe are the main factors that shaped bilateral relations. The next part of this chapter looks into the development of bilateral relations between Russia and the Visegrad states in the period from 1991 to 1993.

Russian National Security Policy and Russia-Central Europe bilateral relations – 1991-1993

The new treaties governing Russia's bilateral relations with the CE states were concluded at a time when Russia had not yet achieved consensus on its 'realistic' foreign and security policy. That is why the new treaties between Russia and the Visegrad states, in most cases, were signed without any major obstructions or procrastinations in the course of 1992. The new Russian authorities did not insist on the inclusion of 'security clauses' in the new bilateral treaties with the CE states, unlike their Soviet predecessors in 1990 and 1991, adopting an approach that was later labelled the 'Kvitsinsky doctrine'.[22] In May 1992, a fundamental treaty was signed with Poland; the Czech and Slovak Republic signed a treaty in April 1992, and a Russian-Hungarian treaty followed in November 1992.[23] In these treaties, the sides distanced themselves from the Soviet past and expressed an interest in developing economic relations designed in the interests of both sides. In negotiating the new treaties with Russia, the Visegrad states adhered to a coordinated standpoint that they had worked out while negotiating new treaties with the USSR in 1991.

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[22] Yuliy Kvitsinsky at that time was the first deputy Foreign Minister under Shevardnadze and Bessmertnykh and the head of the Soviet delegations in the negotiations on new bilateral treaties with CE states in the 1990-91. Under that doctrine the Soviet side insisted on the introduction of a paragraph in the text of the agreements to the effect that the sides undertook not to enter into far-reaching alliances aimed against the other side and should coordinate with the USSR their foreign and security policy. See Akino Y. and Smith A.A., *Russia-Ukraine-Visegrad Four: The Kozyrev Doctrine in Action* (Prague, New York: Institute for East-West Studies, 1993), p. 4.

[23] Andrew Cottey, *East-Central Europe after the Cold War: Poland, the Czech Republic, Slovakia and Hungary in Search of Security*. (Basingstoke: Macmillan. 1995), p. 130

However, with the disintegration of the Czechoslovak Federation in January 1993, new treaties had to be negotiated with the Czech Republic (CR) and Slovakia, and they were signed in August 1993. Whereas the Russian-Czech treaty was based on the old Russian-Czechoslovak agreement, the Russian-Slovak treaty differed in one significant area. The new Slovak leadership chose not to adhere to the common policy of the other Visegrad states in its relations with Russia. At the same time, by 1993 a more confident Russian foreign policy had emerged, based on wider domestic consensus that declared a more assertive policy towards the CIS and Central and East Europe. The emergence of Slovakia as an independent actor with an 'independent' foreign and security policy in the CE region presented Moscow with an opportunity to test its new found assertiveness. The new Russian-Slovak treaty proved to be a success in this respect. Although the kind of wording that the 'Kvitsinsky doctrine' favoured was not to be found in the text of the new treaty, nevertheless, its basic tenets are clearly reflected in the document. The treaty stated that "the signatories to this treaty confirm that the security of Europe… is connected with the CSCE", that they should "assist in the creation of a unified all-European space in all of its dimensions", that they "shall individually face down any respective attempts to once again divide Europe in the economic and social spheres", and that they will develop "mutually convenient cooperation and contacts in the military spheres".[24] According to a Slovak analyst, Svetoslav Bombik, the new treaty would make it more difficult for Slovakia to try to join the WEU or NATO.[25] Slovak President Michal Kovac, however, took a different line, arguing that the treaty would enable Russia and Slovakia to cooperate in creating an all-European security system, and that it did not conflict with the Slovak Republic's goal of acceding to European economic, political and security

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[24] S. Bombik, *SME*, 26 August 1993, cited in Alexander Duleba, *From Domination to Partnership: The Perspectives of Russian-Central-East European Relations*, Final Report to the NATO Research Fellowship Programme, 1996-1998 (unpublished monograph, 1998), p. 31.
[25] *Ibid.*, p. 31.

structures.[26] The events in Moscow, in October 1993, however, led the Slovak President to revise his opinion on relations with Russia: as a consequence of a coup attempt in Moscow, he declared, "Bratislava considers it inevitable to obtain security-political guarantees from NATO. Unless democratic conditions in Russia and Ukraine are reinforced, the need for increasing security remains topical."[27] Russia's reaction was predictable. Yuri Ambartsumov, Chair of the Foreign Affairs Committee of the Russian Parliament, reacting to a Slovak MFA statement that the aim of Bratislava was to join NATO, bluntly drew attention to the wording of the bilateral treaty, which, in his view, excluded the possibility of Slovakia becoming a member of any regional pact, and "NATO is in that category".[28]

Russia managed to sign a treaty with Slovakia that was more ambiguous and open to interpretation than those it signed with Hungary, Poland and the CR. The latter started on the basis of the same text as the Russian-Slovak treaty. However, whereas the Prague diplomats neutralised their bilateral treaty with Russia by changing the wording of "to face down a new division of Europe" into "contribute to overcoming the divisions in Europe", Slovak diplomats, perhaps due to their inexperience, failed to notice the consequences that the ambiguity implied. [29]

Apart from signing the new basic treaties, the first two years of post-Soviet Russian-CE diplomacy had to tackle other unsettled issues inherited from their Socialist past: issues related to Russian troop withdrawal and transit, claims for compensation for their stationing in Central Europe, and questions of Russian debt payments. In some cases the CE states made the successful resolution of these problems a precondition for signing state bilateral treaties.

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[26] *Narodna obroda*, 27 August 1993, cited in Duleba, *From Domination to Partnership*, p. 31.
[27] *SME*, 26 November 1993, quoted *ibid.*, p. 31
[28] *SME*, 23 September 1993, quoted *ibid.*, p. 31.
[29] Akino and Smith, *Russia-Ukraine-Visegrad Four*, p. 7.

In line with Russia's early attempts to portray itself as an entity different in political nature to its Soviet predecessor, Moscow strove to start relations with the CE states from a clean slate. Thus, Russia agreed to include in the preamble to the Russian-Hungarian treaty a condemnation of the Soviet intervention in Hungary in 1956.[30] Similarly, during Yeltsin's visit to Budapest in November 1992 (which became Yeltsin's first trip to the region), Russia and Hungary were supposed to take further steps to 'close the book on a stage in their relations that was burdened with numerous problems'.[31] As a gesture of goodwill, President Yeltsin turned over to the Hungarian authorities a large packet of documents from the KGB and CPSU Central Committee archives.

Yeltsin and the Hungarian leader Joszef Antall called the visit a "historical turning point" in Russian-Hungarian relations.[32] The two leaders managed to resolve the issue of mutual claims for compensation for the stationing of Soviet troops on the basis of renouncing their mutual claims. Yeltsin overruled his military and financial advisors, who had opposed such a deal on the basis that compensation to Russia would cover the cost of housing the returning Russian soldiers. As a part of the deal, Hungary agreed to provide "humanitarian aid" to Russia in the form of USD 10 million worth of medicines for the Russian Army and to examine the feasibility of using its own resources to alleviate the housing problem.[33]

Moscow and Budapest also reached a partial solution on settling the debt to Hungary that Russia inherited after the break-up of the USSR.[34] Russia proposed to pay almost half of its USD 1.7

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[30] The Russian Duma refused to ratify the treaty. In June 1994, the Duma took a decision that prohibited the inclusion of statements of an ideological character in treaties between the Russian Federation and other countries. The Russian-Hungarian treaty was amended and finally only came into force in February 1995. See *Legislation in Russia Data Base*, at http://law.optima.ru

[31] Fyodor Lukyanov, 'Zakryvaya knigu proshlogo,' *Izvestia*, 12 November 1992, pp. 1, 4.

[32] Reisch, "Hungarian-Russian Relations Enter a New Era," p. 6.

[33] *Ibid.*, p. 7.

[34] The issue of Russian-Hungarian debt settlements is discussed in more detail in Chapter 4.

billion debt to Hungary in the form of spare parts and equipment for the Hungarian Army. Hungary requested a modern S-300 air-defence system which Russia turned down, offering MiG-29 combat aircraft and T-72 tanks instead. In June 1993, the Hungarian side accepted a deal which led to it acquiring twenty-eight MiG-29 aircraft worth USD 750 million and USD 50 million worth of additional weapons (armour-piercing missiles), almost equivalent in value to Hungary's entire 1993 defence budget.[35] Russia also agreed to train pilots and ground crew to operate the new MiG-29s. Budapest's acquiescence to swapping a part of Russia's debt for MiG fighters marked a sizeable achievement for Moscow: Hungary had been the only state among the Visegrad four that did not have MiG-29 aircraft in its armed forces. The outbreak of military conflict in the former Yugoslavia in July 1991 revealed the weakness of Hungary's air force after the withdrawal of Soviet forces. Commenting on the deal, a Hungarian official from the Ministry of Industry and Trade said that the MiG-29 acquisition was a temporary expedient imposed upon Hungary by its dire lack of funds and that, in the long run, Hungary still wanted to equip its air forces with Western airplanes.[36] For Moscow, this meant that for the foreseeable future Hungary would remain dependent on Russia, making it more difficult for Hungary to achieve interoperability with NATO.[37]

Another important document signed during a visit to Hungary by President Yeltsin in November 1992 concerned cooperation between the two countries' Defence Ministries. The accord included plans to train Hungarian officers at Russian military schools and allow the use of Russian firing ranges by the Hungarian Air Force and air defence units.[38] Yeltsin's visit to Hungary, which also

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[35] Alfred A. Reisch, "Hungary Acquires MIG-29s from Russia," *RFE/RL Research Report*, Vol. 2. No. 33 (20 August, 1993), p. 52.
[36] *Ibid.*, p. 54.
[37] However, not everyone in Moscow saw this development in a positive light. *Krasnaya zvezda* voiced concerns that such large deliveries of military equipment to a country bordering the crisis zone of the former Yugoslavia constituted a serious matter and warned about the possibility of some of these deliveries finding their way to Croatia. *Krasnaya zvezda*, 14 November 1992, quoted in Reisch, "Hungarian-Russian Relations Enter a New Era," p. 9.
[38] *Ibid.*, p. 8.

saw the signing of an inter-state Treaty was heralded in the Russian mass media as a promising start for developing stable and cooperative relations between Russia and Hungary. Just before the visit, President Yeltsin declared that he deplored the delay in "reordering" Russia's relations with its neighbours in Central Europe and singled out Hungary as a positive exception.[39] The agreements were concluded at the time when Budapest was attempting 'non-confrontational distancing' from Russia in favour of closer ties with the West. Russia made an attempt to build on a common important problem that it shares with Hungary – about 25 million ethnic Russians and 3.5 million Hungarians live outside their country of origin. Both sides signed a Declaration on the Principles of Cooperation in Guaranteeing the Rights of Ethnic, Religious, and Linguistic Minorities, condemning all measures aimed at forcibly assimilating minorities or altering the ethnic composition of areas inhabited by minorities.[40] The two countries declared their intention to promote the international codification of minority rights and to coordinate their actions in fora such as the UN and the CSCE. Moscow also emerged as an important ally for Hungary during its stint on the UN Security Council.[41] Russian Foreign Minister Kozyrev hailed the agreement as a contribution to containing "aggressive nationalism" and ethnic cleansing in Europe.[42] Some Hungarian officials believed that the two countries' common stance on the minority issue might also prevent the formation of alliances directed against Hungary or its minorities that would seek to obtain Russia's support, e.g. by states such as Slovakia.[43] Russia, for its part, hoped that Hungary would support its position with respect to Moscow's policy towards the Baltic states and protection of Russian minorities in this region. However, much to Moscow's disappointment, Budapest neither took 'an active position' nor cooperated with Russia on the issues relating to what Russia called the 'protection of rights of the minorities in the Baltics and Moldova'.[44] As

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[39] ITAR-TASS, 8 November, 1992, quoted *ibid.*, p. 5.
[40] Reisch, "Hungarian-Russian Relations Enter a New Era," p. 8.
[41] Richard Sakwa, *Russian Politics and Society* (London: Routledge, 1993), p. 305.
[42] *Ibid.*
[43] Radio Budapest, 12 December 1992, cited Reisch, "Hungarian-Russian Relations Enter a New Era," p. 8.
[44] Yuri Monich, and O. Volotova, "Russia-Hungary," *Vestnik Nauchnoi Informatsii*, No. 12 (1994), p. 40.

Hungarian observer László Póti argued, the Hungarian side did not want to be associated with growing Russian assertiveness.[45]

The new stage in Russian-Polish relations also began with the signing of a groundwork treaty during President Lech Walesa's visit to Russia in May 1992.[46] Unlike Russia's agreements with other CE states, Russian-Polish negotiations on the new treaty came up against some difficulties as both sides made resolution of various outstanding issues a precondition for signing the new treaty. Both Moscow and Warsaw had financial requirements of each other – Moscow wanted compensation for its investments in Polish military infrastructure, whereas Warsaw wanted Moscow to pay compensation for the use of Polish territory by the Soviet/Russian troops.[47] The Russian side insisted that the timetable of troop withdrawal would depend on reaching an agreement on financial obligations.[48] Various proposals on joint use of former Soviet military bases provoked objections by some Polish government officials.[49] Furthermore, some members of the Polish government were said to have demanded that a condemnation of past Soviet crimes against Poles during and after World War II, such as the Katyn massacre, be included in a preamble to the Russian-Polish treaty. Various influential political figures in Poland claimed that since Russia was a legal successor to the USSR it bore responsibility for all totalitarian excesses.[50] The Russian authorities, however, refused to include any such reference in the treaty.

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[45] Lásló Póti, "The Hungarian-Ukrainian-Russian Triangle: Not Like Rubik's Cube," in Margarita Balmaceda (ed.) *On the Edge. Ukrainian-Central European-Russian Security Triangle*, (Budapest: Central European University Press, 2000), p. 135.

[46] The treaty under discussion was based on a draft agreement reached between Poland and the USSR in October 1991 and then amended during a series of negotiations between Russian and Polish diplomats. See Jan B. de Weydenthal, "Poland and Russia Open a New Chapter in their Relations," *RFE/RL Research Report*, Vol. 1, No. 25 (19 June 1992): p. 46.

[47] Jan B. de Weydenthal, "Polish-Russian Relations Disturbed by Troop Dispute," *RFE/RL Research Report* (13 March 1992), pp. 32-34, p. 34.

[48] *Ibid.*, p. 34.

[49] Many members of the Polish government opposed some aspects of a suggested financial settlement regulating the cost of the Soviet military withdrawal that allowed establishment of private Polish-Russian joint ventures to be set up in some of the vacated Soviet garrisons. The profits from these joint companies would be used to build housing for returning Russian soldiers. See *op. cit.*, p.47.

[50] *Ibid.* p. 47.

Eventually, in a joint declaration issued after the signing of the Treaty, the two Presidents condemned totalitarianism and stated their resolve to overcome the negative heritage of the past. *Nezavisimaya gazeta* commented that in light of the stagnation in bilateral relations the signing of the treaty was not a breakthrough in itself but was a sign that such a breakthrough was possible.[51]

At least Russia had confirmed the timetable for troop withdrawal and a 'zero option' been agreed on compensation: Poland dropped claims for environmental damages and Russia agreed to hand over its military installations on Polish territory free of charge.[52] The Polish side linked improvements in bilateral relations with the completion of Russian troop withdrawal.[53] A year later an agreement was reached on the supply of Russian spare parts to the Polish Army and on training of military personnel in each other's military academies.[54] The military cooperation agreement was significant in its timing. While it came last in a series of deals with Poland's neighbours and with some Western countries, it also closely followed a controversial tour of Central Europe by President Yeltsin in late August 1993, when he appeared to accept Poland's membership in NATO.[55] This episode is dealt with in more detail later in the chapter. The controversy that followed Yeltsin's declaration and subsequent backlash in Moscow led to a cooling of bilateral relations with Poland and the rest of CE.

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[51] Nezavisimaya gazeta, 23 May 1992.; A popular Polish paper *Gazeta Wyborcza*, on the other hand, described the event as 'a great breakthrough' see Weydenthal, "Poland and Russia Open a New Chapter," p. 48.
[52] Hieronim Kubiak, "Poland: National Security in a Changing Environment," in *Central and Eastern Europe: The Challenge of Transition*, Regina Cowen Karp (ed.) (Oxford: SIPRI, Oxford University Press, 1993), p. 80. Later, during his first official trip to Russia as Polish President in March 1996, Aleksander Kwasniewski renewed Polish claims for compensation, see "Poland: Polish, Russian Priorities for Negotiations Differ," FBIS, *EEur*, March 18 1996, p. 53, quoted in Michael Radu, "Why Eastern and Central Europe Look West," *Orbis*, Winter (1997), p. 51.
[53] Weydenthal, "Poland Free of Russian Combat Troops," p. 35.
[54] Nikolai Bukharin, A.P. Yershov, "Russia-Poland," *Vestnik Nauchnoi Informatsii*, No. 12 (1994), p. 56.
[55] *Ibid.*

Russia, NATO and the Role of Central Europe

The problem of post-Cold War security arrangements in Europe and the role of the surviving European security institutions were at the centre of both academic and policy-related debates in the early 1990s. By 1993 Russian and Central Europeans' ideas on the European security architecture increasingly diverged and this divergence directly affected bilateral relations. Pragmatic nationalists, or Statists, espousing a more hard-line Realist approach to international relations, advocating a multi-polar world-system and insisting on an independent, pragmatic foreign policy, increasingly came to dominate the Russian political sphere. This marked a shift from a previously more idealist, Kozyrev-defined Westernism, and led to a more hard-line posture on the international arena. The increasingly widely shared opposition in Russia to the NATO enlargement championed by CE leaders became progressively more marked and encouraged the rise of the region's prominence in Russian foreign and security policy, but only as an indirect variable in Russia's debate with the West over the issue of NATO enlargement.

The distrust and alienation that characterised Russia-CE relations at the start of the decade only deepened and became more profound as the CE states' insistence on NATO membership intensified and as enlargement started to be seriously considered as an option by the Alliance leaders, mainly Germany and the USA. To start with, Russia did not seem to have a coordinated and consistent standpoint on NATO enlargement. In his article written for *NATO Review* in February 1993, Foreign Minister Kozyrev voiced implicit opposition to NATO membership for Central Europe, emphasising that the region's future "lies in its transformation – not into some kind of buffer zone, but into a bridge linking the East and the West of the continent".[56] Speaking to the Danish Foreign Policy Society in Copenhagen later the same month, Kozyrev spoke

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[56] Andrey Kozyrev, 'The New Russia and the Atlantic Alliance,' *NATO Review*, Vol. 41, No. 1, February 1993, pp. 3-6.

strongly against the prospect of NATO enlargement and questioned the logic of expansion by NATO:

> We are not allergic to NATO... But we do not understand the discussions to the effect that NATO must give security guarantees to the countries of Central Europe and in the long term accept them as members of the alliance. How are these states threatened and by whom?[57]

Before Yeltsin's trip to Central Europe in late August 1993, Kozyrev warned that if Poland became a member of NATO it would strengthen the position of hard-liners within Russia – one of a string of reasons Russia used to justify its opposition.[58] Russian officials appealed to NATO member states' leaderships, arguing that the enlargement of the Alliance that Russians traditionally saw as hostile would endanger Russia's democratisation and reforms.

All these manoeuvrings were undermined, however, during Yeltsin's subsequent state visit to Central Europe. When asked by a reporter how Russia would react if Poland decided to seek NATO membership, the Russian President responded that the days of 'big brother-little brother' relations were long past and that it was not Russia's place to approve or oppose Poland's decision on such membership.[59] The Russian-Polish joint declaration signed at the end of the visit was more explicit:

> The presidents touched on the matter of Poland's intention to join NATO. President [Lech] Walesa set forth Poland's well-known position on the issue, which met with understanding from President B.N. Yeltsin. In the long term, such a decision taken by a sovereign Poland in the interests of overall European integration does not go against the interests of other states, including the interests of Russia.[60]

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[57] *Diplomaticheskii vestnik*, nos. 5-6, March 1993, cited in Suzanne Crow, 'Russian Views on an Eastward Expansion of NATO,' *RFE/RL Research Report,* Vol. 2, No. 41, October 1993, p. 23.
[58] Michael Mihalka, 'Squaring the Circle: NATO's Offer to the East,' *RFE/RL Research Report,* Vol. 3, No. 12, 25 March 1994, p. 3.
[59] Suzanne Crow, 'Russian Views on an Eastward Expansion of NATO,' *RFE/RL Research Report,* Vol. 2, No. 41, October 1993, p. 21.
[60] ITAR-TASS, 25 August 1993, quoted *Ibid.*

The next day, in Prague, when Yeltsin was asked about his views on the Czechs joining NATO, the President reiterated his position: "Russia does not have the right to prevent a sovereign state from joining a European organization."[61]

Yeltsin's statements and the joint declaration, although they did not explicitly declare Russia's approval of NATO enlargement, were interpreted in the CE capitals as reflecting a shift in Russian policy, one that removed the major objection that NATO had been using to ward off those states wishing to join the alliance. As a result, Poland renewed its appeal to join NATO, mobilising the Polish American Congress to lobby for its case in the United States.[62] Later, in apparent response to Yeltsin's remarks, former German Defence Minister and then NATO Secretary-General Manfred Wörner for the first time stated that NATO was not 'a closed shop':

> In my view, the time has come to open a more concrete perspective to those countries of Central and Eastern Europe which want to join NATO and which we may consider eligible for membership.... Even if there are no immediate plans to enlarge NATO, such a move would increase the stability of the whole of Europe and is in the interest of all nations, including Russia and Ukraine. I am happy that President Yeltsin also sees it this way.[63]

Russian officials, alarmed by such interpretations, moved quickly to reinterpret the official Russian position.[64] Yevgeniy Ambartsumov, a member of the Presidential Council and chairman of the Parliamentary Committee for International Affairs, dismissed Yeltsin's comments and actions in Warsaw as improvisations, saying that they would be "reinterpreted" at a later date.[65] The Russian media largely ignored the matter, while Russian diplomats started to backtrack on Yeltsin's statement. In mid-September the Russian Ambassador to Poland stated that Yeltsin's

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[61] Michael Michalka, *op. cit.*, p. 3.
[62] *Review of the Role of the Polish American Congress in Bringing Poland into NATO*, Polish American Congress, http://www.polamcon.org/nato/chron2.html
[63] G. Wörner's speech at a meeting of the International Institute for Strategic Studies cited in M. Mihalka, 'Squaring the Circle..,' p. 3.
[64] Some observers argued that Yeltsin's statement was nothing more than improvisation on his part. Several of his foreign trips were characterised by such off-the-cuff remarks and each time his advisors went down to great lengths to tone down his statements and reinterpret them. See Suzanne Crow, 'Russian Views...,' p. 21.
[65] 'Europa', Austrian Television, 12 September 1993, cited in Suzanne Crow, 'Russian Views....' p. 21.

comments were "oversimplified and misunderstood".[66] Some commentators insisted that there had been misunderstandings of key phrases such as "long term" and especially "in the interest of overall European integration", which for the Russian side implied the inclusion of Russia.[67] Foreign Minister Kozyrev followed up with his own vigorous campaign to 'clarify' Yeltsin`s statements. The Foreign Minister noted that Russia appreciated the CE states' sovereign rights to choose their own alliance partners, but at the same time expressed the belief that Russian security interests also had to be taken into consideration. Kozyrev argued that NATO should become a new type of organisation reflecting the security concerns of post-Cold War Europe: "It is not a matter of increasing the number of NATO team members playing on the European field but of reconstructing the field itself and adjusting the rules of the game to apply to the new conditions."[68] A few days later in an interview with *Stern* he emphasised the importance of the need to integrate Russia into international organisations, NATO included.[69] Kozyrev also called on NATO to make establishing real contact with the Russian armed forces its top priority, while noting that "for the security of Europe this is of much greater importance than a hasty expansion of NATO to include Poland or Hungary".[70]

This shift in official rhetoric can be attributed, in part, to the deeply negative assessment of possible NATO enlargement shared by the Russian military establishment and civilian military analysts, who feared that Russia would become isolated next to an overwhelmingly dominant military bloc.[71] During Yeltsin's visit to Warsaw, Russian Defence Minister Pavel Grachev made

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[66]Cited in Michael Michalka, p. 3.
[67] Allen Lynch, 'After Empire: Russia and Its Western Neighbors,' *RFE/RL Research Report*, Vol. 3, No. 12, March 1994, p. 14.
[68] *Moskovskie novosti*, no. 39, 26 September, 1993, p. 7.
[69] *Stern*, no. 40, 30 September 1993, cited in Suzanne Crow, 'Russian Views,' p. 22.
[70] *Ibid.*
[71] The Russian Ministry of Defence was created only in March of 1993, however its political influence increased after the storming of the White House in October 1993. See Mike Bowker, *Russian Foreign Policy and the End of the Cold War* (Aldershot: Dartmouth, 1997), p. 209.

it clear he had his own opinion about Poland's aspirations to join NATO.[72] In October of that year Grachev stated: "It would be unfortunate if the former Warsaw Pact states joined NATO in the near future, because this step would relegate Russia to a much more isolated position."[73]

Faced with increasingly consolidated opposition at home to NATO enlargement, President Yeltsin sent a letter to the leaders of the United States, France, the United Kingdom and Germany in late September 1993, stating that any expansion by NATO must give due consideration to Russia's security concerns. Instead of pushing through NATO enlargement the Russian President proposed setting up joint arrangements for guaranteeing the security of Central Europe.[74] He also insisted that these states could become members of NATO only if Russia did so too.[75] This episode marked a turning point in the solidifying of Russian official opposition to NATO enlargement. It also caused the NATO Secretary-General to backtrack on his previous position on the possible opening up of NATO, stating that granting NATO membership to the Central European states could occur only "in a way which takes into account the legitimate security interests of our partner, Russia".[76]

Later, in November 1993, an unprecedented official public commentary on the prospect of NATO enlargement was issued by Russia's Foreign Intelligence Service (FIS) headed by Yevgeniy Primakov. The text of the report was approved by the President, who recommended that it was "topical, all the "I"s should finally be dotted; it is felt at the same time that the intelligence service does not 'stir up passions', quite the opposite, it stands for strengthening

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[72] Alfred A. Reisch, "Central Europe's Disappointments and Hopes," *RFE/RL Research Report*, vol. 3, no. 12 (25 March, 1994), p. 24.
[73] Reuters, 1 October 1993, cited in Crow, 'Russian Views...', p. 14.
[74] David White, 'Nato Allies to Reassure Yeltsin', *Financial Times*, 2 October, 1993, p. 2.
[75] *Frankfurter Allgemeine Zeitung*, 2 October 1993, cited in Crow, 'Russian Views...', p. 22.
[76] Cited in Mihalka, 'Squaring the Circle...,' p. 3.

stability and contributes to the improvement of our relations with the West."[77] The report, entitled "Prospects for Expanding NATO and Russia's Interests", presented with great fanfare in Moscow, argued that NATO expansion would adversely affect Russia's military security, foreign policy, and geopolitical interests in Central and Eastern Europe. According to FIS head Primakov, the report later became the basis for the official Russian stand on enlargement.[78] The report stated:

> In the circumstances of the post-confrontational period and the absence of the so-called 'bloc discipline' which existed until the dissolution of the Warsaw Treaty Organization, Russia has no right to dictate the states of Central and Eastern Europe (CEE) whether they can join NATO or any other international organisation.

However, the report went on to suggest:

> The process of Central and Eastern Europe states' joining NATO, its nature, deadlines, responsibilities and duties of new members, should take into account the position of all states affected by the process, Russia included, ...and [the process should take into account] the obligations to comply with all international agreements that aspiring NATO candidates are signatories to. The fulfilment of the aforementioned factors could create conditions conducive to upgrading NATO-Russian relations to the level of real partnership.[79]

Primakov commented that Russia could not be "indifferent to the fact that the world's biggest military grouping plans to reach right up to our border." He asserted that NATO expansion would lead to retaliatory military measures on the part of Russia. Such a response, Primakov, argued, would entail a radical rethinking of Russia's defence concepts, a change in operational plans, and a reworking and redeployment of the armed forces.[80] Although "we are a long way from making a direct statement that NATO expanding into the East is the same as the bridgehead for making a strike at Russia," Yevgeniy Primakov argued, "Russia has every reason to weigh up the course of

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[77] Yevgeniy Primakov, *Gody v bol'shoi politike* [Years in Big Politics], (Moscow: Kollektsiia "Sovershenno Sekretno", 1999), p. 229.
[78] F. Stephen Larrabee and Theodore Karasik, *Foreign and Security Policy Decisionmaking under Yeltsin* (Santa Monica: RAND, National Defense Research Institute, 1997), p. 27.
[79] Primakov, p. 228.
[80] 'Primakov Presents Report on NATO,' Moscow ITAR-TASS World Service in Russian, 1050 GMT 25 November, 1993 (FBIS-SOV-93-226), p. 4.

events affecting its interests against possible changes in the geopolitical and military situation."[81] A reformed Russia, he concluded, had the right to count upon its view being taken into account.[82]

Immediately after Primakov's press conference the Russian Foreign Ministry staged its own briefing, at which a spokeswoman announced that the FIS report was purely an opinion of that agency:

> The position of the Foreign Ministry, which reflects the opinion of the President, is that NATO does not threaten Russia; any state can choose any means of strengthening their security; the CE states' desire to join NATO … without Russia is counterproductive.[83]

The confusion was only ended when President Yeltsin's press spokesman Vyacheslav Kostikov announced that the President shared the intelligence service's point of view.[84] The episode demonstrated yet again the degree of disorder that reigned in Russian foreign policy, and the way various agencies competed for influence in communicating their views. There was also evidence of an emerging consensus around essentially anti-NATO expansion thinking. Yet, the common stand on how Russia should respond to a possible incorporation of the CE states into the Alliance was still only in the process of emerging.

A new national security concept was put forward for public discussion in November 1993, re-evaluating the dangers from the West in the light of the possibility of NATO incorporating the CE states. The "Basic Provisions of Russian Federation Military Doctrine," were marked by the withdrawal of a long-standing Soviet pledge of no first nuclear strike. The shift reflected not just the decline of the Russian armed forces' conventional capabilities, but also the deep-seated

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[81] *Ibid.*
[82] *Ibid.*
[83] Primakov, p. 229
[84] *Ibid*, p. 230.

negative attitude of the Russian military towards NATO and its plans to enlarge.[85] The consolidation of Russian political groupings around the policy of firm resistance to NATO enlargement, supported by the military, further complicated prospects for productive bilateral relations with the states of CE. Moscow's strategy on the issue was to concentrate its efforts on the key NATO member-states.

Russia's internal political developments in the period, the evolution of its policy towards the states of the former Soviet Union, and its position vis-à-vis Serbia and the West, further damaged Russia's image in Central Europe. Central Europeans' fears about the future of their Eastern neighbour seemed justified in the light of Yeltsin's handling of political crisis in October 1993, which ended in the shelling of the Russian parliament. The subsequent rise in popularity and strong presence in the new Russian Duma of the extreme nationalist party of Vladimir Zhirinovsky and of a re-invigorated Communist party also did not bode well for the new Russia. Russian foreign policy adjusted in response to the changed political situation at home. Yeltsin's flirtations with the West were replaced by disagreements over the handling of the war now raging in Yugoslavia.[86] Even some of Russia's prominent liberal reformers at the time, such as Ambartsumov, and presidential advisors Sergey Stankevich and Andranik Migranyan criticized Kozyrev's handling of the Yugoslav crisis. They called for Russia to stop blindly duplicating the US position.[87]

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[85] 'Osnovnye polozheniia voennoi doktriny Rossiikoi Federatsii" *Krasnaya zvezda*, (4 Novemeber 1993), quoted in J.L. Black, *Russia Faces NATO Expansion. Bearing Gifts or Bearing Arms?* (Lanham, Oxford: Rowman & Littlefield Publishers, INC., 2000), p.156.

[86] Allen Lynch and Reneo Lukic, "Russian Foreign Policy and the Wars in the Former Yugoslavia," *RFE/RL Research Report,* Vol. 2, No. 41 (15 October, 1993), pp. 25-32.

[87] Lynch, "Russian Foreign Policy and the Wars in the Former," p. 29. See also Mike Bowker, *Russian Foreign Policy and the End of the Cold War* (Aldershot: Dartmouth, 1997), Chapter 12, pp. 224-242. Ambartsumov stated that Russia had its own state interests.

Russia's 'near abroad' policy also showed a more traditional colouring: Moscow succeeded in bringing the majority of the CIS member-states into a Collective Security Pact, which came into force in 1994.[88] Russia dismissed allegations that its efforts to deepen CIS integration were in response to NATO expansion plans.[89] These efforts, nevertheless, further helped fuel the arguments in CE about Russia's imperial ambitions.[90]

This consolidation of Russian opposition to NATO enlargement followed an initial post-Soviet period in Russia-CE relations during which, as we have seen, new groundwork state treaties were signed and Russian armed forces withdrew from the region in an orderly and peaceful manner. State relations, however, were reduced, in most cases, to negotiating repayment of debts inherited by Russia from the Soviet Union. When it came to the security problems and anxieties that both sides had, including that of the possibility of NATO enlargement, there did not seem to be any will on the part of either Russia or the CE states to discuss them with each other. This state of affairs was not surprising in view of the historical legacy. Diverging views on post-Cold War security became the fundamental theme in relations between Russia and the states of Central Europe.

This more or less neutral period was followed, from 1993, by one in which the issue of NATO enlargement gradually overshadowed all other aspect of relations. As Russian observer Aleksei

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[88] Only six members of the ten strong CIS signed the Collective Security Pact on 15 May 1992 in Tashkent (Russia, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan). The Pact was confirmed in "Section III. Collective Security and Military-Political Cooperation," Articles 11-15, of the CIS Charter, signed in Minsk, 22 January 1993, by the above six states, plus Belarus. Azerbaijan and Georgia joined in 1994. See "Ustav Sodruzhestva Nezavisimykh Gosudarstv" [Charter of the CIS], *Rossiyskaya gazeta* (12 February 1993), and "Reshenie Soveta glav gosudarstv Sodruzhestva Nezavisimykh Gosudarstv" [Decision of the Council of the Heads of the CIS states], *Rossiyskaya gazeta* (12 February 1993), cited in J.L. Black, *Russia Faces NATO Expansion*, p. 221f.

[89] Andrey Zagorski, "Regional Structure of Security Policy within the CIS," in *Security Dilemmas in Russia and Eurasia*, Roy Allison and Christoph Bluth (London: The Royal Institute of International Affairs, Russia and Eurasia Programme, 1998), p. 298.

[90] Raymond L. Garthoff, *The Great Transition. American-Soviet Relations and the End of the Cold War* (Washington, D.C: The Brookings Institution, 1994), pp. 789-790.

Pushkov put it, the latter had by 1994 assumed the character of "controlled mutual antipathy".[91] Pushkov listed the main grievances that official Moscow had with respect to Central Europe. The former allies, he complained, built their policies of *rapprochement* with the West on the basis of pitting themselves against Russia – supposedly historical enemy likely to turn hostile again at any moment. The radical changes in Russia's political system, the new nature of its foreign policy and its numerous apologies to the Central Europeans, dating from the Gorbachev era, were discounted. As Pushkov saw it, the Central Europeans considered this to be no more than a consequence of Russia's temporary weakness, and as such something to take advantage of. The Poles in particular, he claimed, played the 'new Eastern threat' card to the utmost in order to secure membership of NATO. After first two years of a restrained attitude towards the region's countries, the Russian authorities had become increasingly irritated, he commented, with CE states' behaviour, especially with that of Poland. Russia's negative attitude towards NATO enlargement was reinforced by the fact that NATO's would-be new members were anti-Russian by disposition. However, Pushkov acknowledged, Moscow helped along this process of alienation by cultivating exclusive ties with the West and arrogantly ignoring CE. Official statements to the effect that Eastern and Central Europe were a priority for Russia never had any practical consequences. The appointment of a deputy foreign minister with responsibilities for the region in an attempt to bring more substance to Russia-CE relations came too late and had only limited effect. [92]

Yeltsin's visits to the region described above (the only ones undertaken during the two terms of his presidency), as well as subsequent visits by Russian Prime Minister Viktor Chernomyrdin to Poland, Hungary, Slovakia and the Czech Republic, and Foreign Minister Kozyrev's meetings

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[91] Aleksei Pushkov, 'Vostochnaya Evropa – vremia sobirat' kamni,' *Moskovskie novosti*, July 30 – August 6, 1995. p. 8. Alexei Pushkov was at the time chief editor of *Moskovskie novosti*, and member of the presidium of the Council for Foreign and Defence Policy.(SVOP)

[92] *Ibid.*

with his CE counterparts, can be interpreted as attempts to improve relations. Those exchanges, however, failed to resolve fundamental differences over security. The Russian side made only half-hearted attempts to reach an understanding with the region's states. This could be interpreted as a demonstration of residual 'big power' arrogance. As before, Moscow's overall approach to its relations with Central Europe was not systematic, and state visits remained isolated events which failed to raise bilateral relations to a new level.

Moscow and the Central Europeans' uncompromising positions on NATO enlargement and the alliance's post-Cold War mission made it doubly difficult to achieve a rapprochement. Moreover, Russia's arrogance and inability to view the former allies on equal terms, as well as the Central Europeans' biased attitude towards Russia, were significant barriers to the development of productive dialogue. High-level communication between Russia and the CE states deteriorated to an unprecedented level. As one of Russia's leading specialists on Central Europe, Irina Kobrinkskaya, has commented, for Russia the period from 1991 onwards was not only one of withdrawal from Central and Eastern Europe and a weakening of its position, but also one without a dialogue. It was a period of monologues, solo arias by two competing soloists deaf to each other.[93] Discussions of Russia's relations with the former 'fraternal' states in CE were sparse inside Russia, and appeared to cause fatigue and irritability among Russian politicians and analysts, evidence according to Kobrinskaya of their inability to rid themselves of old condescending attitudes.[94]

Russian National Security and Central Europe – 1994-1997

In Central Europe, despite the changes in political leadership, a foreign and national security policy consensus had emerged which called for rapid integration with Western security and

[93] Irina Kobrinskaya, *Rossiya i Tsentral'naya Vostochnaya Evropa posle "Kholodnoi Voiny"* (Moscow Carnegie Endowment for International Peace, Carnegie Moscow Center, 1997), p. 95.
[94] *Ibid*, p. 97.

economic institutions. A different kind of consensus begun to emerge in Russia by 1994. The shift in Russian national security and foreign policy that had started to appear from 1992 came to be clearly articulated on an official level and supported by Russia's major political groupings. The major thrust of the new Russia's conceptualisation of its national security was the insistence on being a great power, with a responsibility to uphold its interests vigorously, especially in the area of the former Soviet Union, and on developing pragmatic and competitive rather than subordinate relations with the West. Russia categorically opposed the creation of security structures in Europe of which it would not be a part. Moscow's attitude towards NATO enlargement was encapsulated in Foreign Minister Kozyrev's statement that NATO enlargement "does not answer either the interests of Russia's national security or the interests of European security as a whole".[95] As a result of NATO enlargement, Russian leaders believed, the Conference on Security and Cooperation in Europe would be weakened. It was the CSCE that should play the main role in making the system of Euro-Atlantic collaboration truly stable and democratic.[96] Russia's proposals regarding the upgrading and reform of the CSCE evoked only criticism in the West, and went against CE's hopes of getting security guarantees from NATO. The CE states played an important role by lobbying against Russia's ideas about changing the CSCE.[97] The West's refusal to heed Moscow's proposals and take its interests into account only fuelled resentment among Russia's conservatives and nationalists that the West was taking advantage of their country's weakness to further weaken its regional and global influence. Such a frame of mind was certain to put the West and Russia if not on a collision course then on a steady path that would drive them further apart. The Central Europeans' drive to be admitted into

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[95] Kozyrev's statement in Noordwijk, quoted in Black, *Russia Faces NATO Expansion*, pp. 12-13.
[96] *Izvestia*, 11 March 1994, p. 3.
[97] Kirill Benediktov, "Rossiya i OBSE: Real'nye i Mnimye Vozmozhnosti Sotrudnichestva" in *Rossiya i Osnovnye Instituty Bezopasnosti v Evrope: Vstupaya v XXI Vek*, ed. by Dmitriy Trenin (Moscow: Tsentr Karnegi, Carnegie Endowment for International Peace, 2000), pp. 188-189.

Western security organisations, which unequivocally put them on the wrong side of Russia's vision of European security, was one of the prime reasons for the developing schism.

In January 1994, NATO announced the PfP, which offered all existing North Atlantic Cooperation Council (NACC) member-states and members of the CSCE extensive military cooperation with the alliance, but no security guarantees. To begin with, the Visegrad states' leaders embraced the idea. However, they later expressed disappointment about the absence of collective security guarantees in the PfP and about its broad membership. The CE leaders saw the PfP more as a "placebo" rather than a step towards eventual membership of NATO. They interpreted NATO's failure to open its doors to ex-Warsaw Pact countries as a consequence of the West paying too much attention to Russia's sensibilities and objections. Poland's President Lech Walesa, in particular, could not conceal his disappointment, arguing that 'the West is trying to tame the Russian bear and it is a lost cause.'[98]

Russia's initial reaction was to embrace the PfP formula. However, later a debate erupted in Moscow, with some claiming that Russia should only sign up to the agreement on terms that would underline Russia's special status as a great power. After prolonged deliberation and attempts to seek a special status within the programme that NATO refused to assign it, Russia formally joined the PfP. The government justified its move as a way of avoiding NATO enlargement but there were dissenting voices. Many saw the PfP as a form of 'creeping' NATO membership. Russian Defence Minister General Grachev called the PfP "NATO expansion by hook or by crook" aimed at establishing strategic influence in Central and Eastern Europe and moving NATO's forward lines up to Russia's western borders.[99] The very fact of Russia's membership of the PfP, which was intended to reassure Moscow and establish a more

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[98] *Segodnya*, 25 February 1994, p. 3.
[99] *Rossiyskaya gazeta*, 25 March 1994. p. 6.

institutionalised cooperation between NATO and Moscow, 'boomeranged by discrediting the structure and speeding up the race to join NATO'.[100] Russia's participation in NATO's PfP was viewed by some in Central Europe as part of an attempt by Russia to prevent NATO enlargement by portraying the PfP as an alternative.[101] It is doubtful that Moscow really saw participation in the PfP as a way of preventing NATO enlargement. It rather reflected Moscow's fear of being marginalised and downgraded to the level of the other post-Soviet states.[102] Russia's insistence on special status highlighted the psychological dislocation of the Russian political elite, and the whole process underlined Moscow's sense of insecurity and distrust of the West's intentions. All this made the 'political distance' between Moscow and CE even more difficult to bridge.

As a result, in the course of 1994, just as the debates on NATO enlargement were reaching a crucial point, Russia's political relations with the states of CE precipitously declined and 'stabilised' at the level of open 'mutual antipathy'.[103] Russian observers and policy-makers repeatedly complained that nearly all the aspiring NATO members were harping on the potential threat from Russia.[104] Such references, coupled with what Russia saw as the West and Central Europeans' lack of understanding regarding its security concerns, helped to further ingrain the hostile attitude towards NATO enlargement in Moscow.

The CE states' bid for NATO membership came at a very inopportune time from the point of view of their relations with Russia and Russia's wider relations with Europe and the West. The NATO enlargement debate took place at a time when Russia's post-Soviet revolutionary liberal ideas were being re-appraised and were coming under attack from a wide spectrum of nationalist

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[100] Radu, "Why Eastern and Central Europe Look West," p. 47.
[101] *Ibid.*
[102] Baranovsky, "The Changing Security Perspective in Europe," p. 61.
[103] Slovakia, for various reasons, made an exception to the rule.
[104] *Nezavisimaya gazeta*, 23 February 1994, p. 4.

and conservative forces in the Russian political establishment. Liberal-internationalists' or Westernisers' ideas about a 'natural alliance' with the West were discredited, largely due to the severe socio-economic dislocation brought about by liberal reforms implemented on advice from the West. The backlash against rapid changes, associated with general disillusionment with the West, brought to power and influence forces that saw the world and Russia's position in it through a Realist lens, emphasising Russia's geopolitical situation as the point of departure in assessing and pursuing its national interests. Russia's new geostrategic vision of the CE region was of a belt of de facto neutral and militarily weak states, one of the advantages that Russia emerged with from the Cold War confrontation.[105] The CE states became a buffer zone separating Russia from NATO. Preservation of the status quo, therefore, served Russia's security interests best.[106] It was from this point of view that the Russian military argued against NATO's advance towards Russia's borders. Russia's deputy Defence Minister at the time Andrey Kokoshin, argued that

> The existence of the non-aligned neutral states in the very centre of Europe, according to our repeatedly checked estimates, considerably reduces the offensive potential of the sides in the event of a hypothetical armed conflict. To this we should add the fact that NATO's advance to the East will deal a painful (and perhaps fatal) blow to many spheres of arms limitation and reduction.[107]

Russia's assessment that NATO enlargement would invalidate the Conventional Forces in Europe Treaty (CFE) and threaten stability in Europe became one of the key propositions in advancing military-political arguments against enlargement. Even before NATO enlargement was considered a possibility, Moscow was unhappy with the CFE Treaty arrangements that were reached as the Cold War was ending and demanded revision of a Treaty that it deemed unfair in

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[105] "Russia and NATO", The SVOP report, *Nezavisimaya gazeta*, 21 June1995.
[106] On the criticism of such a perception of CE see Kobrinskaya, *Rossiya i Tsentral'naya Vostochnaya Evropa*, p. 101.
[107] *Rossiyskaya gazeta*, 15 May 1996. p. 7.

the new security environment.[108] With NATO enlargement becoming more likely, the Russian military threatened to abandon the Treaty entirely. A high-ranking Russian Foreign Ministry official declared that "in the case of former Warsaw Pact members Poland, Hungary and the Czech Republic entering the alliance, the arms balance would change in NATO's favour" and thus 'blow up" the CFE treaty.[109] The *Study on NATO Enlargement,* among other things, indicated a possibility of meeting Russia's security concerns through adaptation of the CFE to the new geopolitical realities.[110] Russian Foreign Minister Kozyrev rejected the offer: "Russia may not accept any treaty in exchange for NATO enlargement. We reject NATO enlargement, and there cannot be any trading on the issue."[111] Kozyrev's successor Primakov, however, turned the CFE Treaty into the main bargaining issue in the negotiations on NATO enlargement, and at the December 1996 OSCE Lisbon summit, the treaty parties agreed on the "scope and parameters" for adapting the treaty. Negotiations on details commenced in January 1997 and continued for almost three years, surviving NATO expansion. The provisions of the new adapted treaty satisfied Moscow's main conditions – replacement of the original group and zone limits with national and territorial ceilings, and restrictions on the building-up of forces in specific zones

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[108] The original 1990 CFE Treaty was based on limiting conventional military equipment, or Treaty Limited Equipment (TLE), for each of the Warsaw Treaty and NATO alliances, which in their turn were further circumscribed by a series of geographic 'zones' and flanks to prevent the massing of forces in specific regions. At the time, the introduction of TLE ceilings led to an even distribution of forces in Europe and elimination of the WT conventional arms superiority over those of NATO. However, with the collapse of the Soviet Union, the end of the WT and accession of CE states and seven former Soviet Republics to the Treaty (the three Baltic states remained outside the Treaty), Moscow became increasingly unhappy with the flank zones restrictions. By 1995, at the end of the 40 months period of reduction, Russia failed to meet limits set by the Treaty in its flank zones, which consisted of Leningrad Military District in the north and the North Caucasus Military District, where it amassed large forces due to the Chechen conflict. Thus Russia pushed for the revision of the Treaty to reflect both post-Cold War security in Europe and its own domestic security needs. See Wade Boese, 'Pragmatism in Practice: CFE Seeks to Secure Europe's Future', *Jane's Intelligence Review* (February 2000), pp. 14-19; Foreign and Commonwealth Office, 'The Treaty on Conventional Forces in Europe (CFE) Adapts to a New Ear', *Focus International* (London: An FCO Network Feature, http://www.fco.gov.uk, July 2000); Douglas L. Clarke, 'Russia and the CFE Treaty', *Post Soviet Prospects*, Vol. III, No. 6, June 1995 (http://www.csis.org/ruseura/psp/pspiii6.html: accessed 11 December 2000); Jeffrey D. McCausland, 'NATO and Russian Approaches to 'Adapting' the CFE Treaty', *Armscontrol* (http://www.armcontrol.org/ACT/august/cfeadapt.html: 07 August 2000).

[109] "Monitor: A Daily Briefing on the Pos-Soviet States", Vol. 1, Issue 138, 21 November 1995, *The Jamestown Foundation*, (http://www.jamestown.org/pubs/view/mon/001/138_008.htm).

[110] *Study on NATO Enlargement*. Brussels, 1995.

[111] *SME*, 22 September 1995, cited in Alexander Duleba, *From Domination to Partnership: The Perspectives of Russian-Central-East European Relations* (Final Report to the NATO Research Fellowship Program, 1996-1998: 1998).

(particularly in Central Europe).[112] In Russia-NATO negotiations leading up to the signing of the Founding Act in May 1997, the Russian delegation insisted on adaptation of the CFE Treaty to put legally binding limits on the foreign (i.e. NATO) military presence on the territory of the new member states. This traditional 'talking behind their backs' alarmed the CE NATO candidates who feared that Moscow's conditions might in effect render them 'second class' alliance members.[113] A compromise was reached, clearly spelt out in the Founding Act. NATO pledged not to deploy substantial additional permanent combat forces on the territories of the new member states; the Alliance would carry out its missions by "ensuring necessary interoperability, integration and capability for reinforcement".[114] Nevertheless, it would still be possible for the new NATO members to 'host' foreign forces using revised territorial and national limits. To do so, however, a country would have to ensure that the total of its own equipment plus that of the 'outsider' did not exceed the new territorial ceiling. In the case of the Czech Republic, Hungary and Poland, the territorial limits would be set at or below their own entitlement levels; they would not be able to permanently station significant Treaty Limited Equipment (TLE) from other NATO members without first reducing their own forces.[115]

To assuage Russia's concerns even further, NATO proposed to insert into the Treaty a definition of "temporary deployments" for military exercises and create a new stabilising zone that would include the Visegrad four, western Ukraine, Belarus and Russia's Kaliningrad *oblast'* – with greater restrictions on stationed forces.[116] NATO's willingness to respond to Russia's concerns and negotiate a new CFE Treaty was used by Moscow as a way of determining NATO's future

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[112] Clarke, 'Russia and the CFE Treaty', pp. 14-15.
[113] The Czech Republic's Foreign Minister Zielenec expressed such concern to US Secretary of State Albright to which she responded by saying that NATO will not admit any negotiations or solutions which would bypass the backs of the new member countries and that the agreement with Russia might decrease their defence capabilities or touch upon their sovereignty. See Jan B. de Weydenthal, "Russia: NATO's Solana Meets Primakov For Tense Talks", RFE/RL, 15 April 1997.
[114] Clarke, 'Russia and the CFE Treaty', p. 16.
[115] McCausland, 'NATO and Russian Approaches to 'Adapting' the CFE'.
[116] *Ibid.*

military make-up. Moscow tried to insert further conditions, controlling categories of combat aircraft, and limiting infrastructural developments in the new member states (airfields, harbours, railways). Predictably, NATO refused Russia's conditions, arguing that it was not a party to or signatory of the new CFE Treaty. NATO members insisted on negotiating temporary exceptions to territorial ceilings, allowing any country to host temporary deployments or military exercises up to a level of 153 tanks, 241 ACVs (armoured combat vehicles) and 140 artillery pieces in excess of its territorial ceilings. Moreover, NATO pushed for an 'exceptional circumstances' clause, under which countries not part of the old 'flank zone' could host deployments of up to 459 tanks, 723 ACVs and 420 artillery pieces. Russia opposed the move, but eventually agreed, on condition that any such deployments were preceded by a conference of all interested states for explanation and discussion.[117]

Table 1 CFE Treaty Entitlements/Holdings (E/H) for NATO Invitees (Actual holdings as of January 1997)

Country	Tanks		Artillery		ACVs		Helicopters		Aircraft	
	E	H	E	H	E	H	E	H	E	H
Czech Republic	957	952	767	767	1367	1367	50	36	230	144
Hungary	835	797	840	840	1700	1300	108	59	180	141
Poland	1730	1729	1610	1581	2150	1422	130	94	460	384
Total	**3522**	**3478**	**3217**	**3188**	**5217**	**4109**	**288**	**189**	**870**	**699**

Table 2 NATO and Russian CFE Treaty Entitlements/Holdings (E/H) (actual holdings as of January 1997)

	NATO		Russia		NATO+3	
	E	**H**	**E**	**H**	**E**	**H**
Tanks	20000	14101	6400	5541	23522	17579
Artillery	20000	14101	6415	6011	23217	17198
ACVs	30000	21464	11480	10198	35217	25573
Helicopters	2000	1221	890	812	2288	1410
Aircraft	6800	4218	3416	2891	7760	4887
Total	**78000**	**55014**	**28601**	**25453**	**91914**	**66647**

Source for Table 1&2: Jeffrey D. McCausland, 'NATO and Russian Approaches to 'Adapting' the CFE Treaty', *Armscontrol* (http://www.armcontrol.org/ACT/august/cfeadapt.html: 07 August 2000).

[117] Boese, 'Pragmatism in Practice', p. 17.

Russia also won an increase in TLE holdings in its flank zone: up to 1300 tanks, 1380 ACVs and 1680 artillery pieces could be deployed in a smaller area and 1800 tanks, 3700 ACVs and 2400 artillery pieces could be stationed in the original zones.[118] Apart from agreeing on the above basic parameters, Russia succeeded in making the CFE adaptation one of the major issues in the preparation of the *Russia-NATO Founding Act*, and one of the main matters dealt with by the NATO-Russia Permanent Joint Council.[119]

Primakov's appointment in January 1996 as Russian foreign minister marked a shift, as we have seen, in overall strategy towards enlargement, reflecting Moscow's realisation that NATO enlargement was inevitable and that engagement with NATO was required in order to minimise possible 'damage' from the imminent expansion. Concurrently, Primakov switched from a 'group' approach to the CE states to a more individualised one. Primakov told Polish television before his visit to Poland in March 1996, that Russia was activating its foreign policy in Eastern and Central Europe, and that this was a new priority for Moscow.[120] Primakov's declared objective was to convey to the Visegrad states Russia's stance on the issue of NATO enlargement.[121] "Russia does not intend to impose anything on anybody. Simultaneously, it would not be an easy thing to impose anything on us. Therefore, talks are necessary," Primakov stated.[122] He argued that by constantly repeating its opposition to the CE states' orientation to NATO, without making any alternative proposals, Moscow ran the risk of completely losing CE. In Poland, Primakov revived the old plan to provide joint NATO and Russian security guarantees to the CE countries. If CE did not like the idea, the Foreign Minister conceded, Russia would

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[118] *Ibid*, p. 17.
[119] *Founding Act*, Part IV.
[120] ITAR-TASS, 13 March 1996, (FBIS-SOV-96-050).
[121] *Ibid.*
[122] *Ibid.* In September 1993 President Yeltsin proposed cross-guarantees of security instead of the Visegrad states' membership in NATO. In March 1994 Andrey Kozyrev revived the idea but with the same end result – the CE states wanted nothing less than full membership in the Alliance. See *Segodnya*, 25 February 1994, p. 3.

consent to guarantees from the United States and NATO. Poland predictably followed the Czech Republic and Slovakia in rejecting his offer.[123]

Primakov's 'reactivation' and subsequent visits failed to bring any noticeable changes in policy towards NATO, or a breakthrough in bilateral relations. The visits, however had considerable symbolic value: after almost two years of 'controlled mutual antipathy', Russia was attempting to 'build new bridges' and talk directly to CE. However, towards the end of 1996, Russia's Foreign Minister, while conceding that in 'our relations with these states [the CE states] we made many mistakes,' reverted to criticising the CE states for pushing for NATO entry. Primakov also put the poor state of bilateral relations down to the breakdown of economic ties, which, he felt, put the CE countries in a difficult situation: they were trying to anchor themselves in European structures, such as the EU, through membership of NATO. However the final decision, Primakov concluded, was up to NATO, implying that that was where Russia's efforts should be concentrated.[124]

Moscow's policy of reasserting influence in the post-Soviet space was another factor that continued to affect Russia's relations with CE, especially Poland. An allusion by some Russian analysts and officials to 'the usefulness' of Russia-Belarus integration as a possible response to NATO enlargement, and especially as a means of influencing Poland, alarmed Poland's political elite and its security community. The SVOP report on the subject concluded:

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[123] "No Break in Eastern Ice," *The Warsaw Voice* – News, No. 12 (387), 24 March 1996, http://www.warsawvoice.com.pl/v387/News00.htm

[124] *Obschaya gazeta*, No. 37, 21-27 September 1996.

> The unification brings undisputed advantages in the sphere of foreign and defence policy: it gives us immediate access to the borders of Central Europe ("a window to Europe"); elimination of the potential threat of establishing a so-called Black Sea to Baltic Sea "belt" isolating Russia; gaining additional powerful means of influencing relations with Ukraine: counteracting attempts to turn Ukraine into an anti-Russian "buffer" state; and strengthening our position in the dialogue with Poland and the Baltic states.[125]

This kind of analysis highlighted the absence of any constructive, cooperative perspective that might help to lower tensions. The expected advantages proved to be miscalculated and brought almost the opposite results by 1997.[126] Russia's albeit formal unification with Belarus, as well as Moscow's CIS policy at large, was negatively received in Kiev. Ukraine started to seek alternatives to the CIS, intensifying its ties with Europe and Poland in particular.[127] Polish President Aleksander Kwasniewski, while visiting Ukraine, stated that Poland supported all Ukrainian initiatives aimed at strengthening its cooperation with Central Europe and the European Union. Kwasniewski asserted that Ukraine, like Poland, should not fall into the spheres of influence of 'big empires, which used to treat our countries as pawns in their big power politics.'[128] Closer Russian-Belarusian relations also accelerated Lithuania's rapprochement with Poland. Vilnius hoped that Warsaw would become Lithuania's advocate for its EU and NATO membership. Russia, however, did not believe that decisions on membership of the two organisations would depend on the CE states. Therefore, the ways of mitigating any possible

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[125] "Rossiisko-Belorusskii Soyuz: vygody fundamental'ny, negativnye posledstviya minimal'ny: ["Russian-Belorusian Union: Advantages are Fundamental, Disadvantages are Minimal"], SVOP report, *NG-stsenarii*, No. 5 (14), 29 April 1997.

[126] Russia was shocked by Ukrainian Foreign Minister Udovenko's speech at NATO headquarters where he announced that he hoped "NATO will back Ukraine in its efforts to achieve its strategic goal of complete integration into European and Euro-Atlantic security structures, including NATO." Amongst the reasons behind Ukraine's sudden about-face Udovenko cited 'unpredictability of its neighbour to the east.' See *Segodnya*, 22 March 1997.

[127] Arkadiy Moshes, "Geopoliticheskie Iskaniya Kieva. Tsentral'naya i Vostochnaya Evropa v Politike Ukrainy," *Pro et Contra*, Vol. 3. No. 2 (Spring 1998), p. 96.

[128] "Kiev rasshiryaet sotrudnichestvo s Varshavoi," *Nezavisimaya gazeta,* 23 May 1997, p. 3.

damage to Russia's interest should be sought in places where those decisions are taken – that is amongst the member-states of NATO and the EU".[129]

In practice, as was observed above, the appointment of Primakov as Russian foreign minister did bring about a gradual shift in relations with the CE states. On the whole Russia persisted with its passive, reactive policy, yet changes occurred reflecting a realisation that if the impasse were to be overcome it was necessary to establish direct dialogue with the CE countries. There was also a recognition of the extent of the diversity amongst the countries of the region and of the fact that different approaches were needed to deal with individual states. Gradually, Moscow started to identify problems in its relations with each Visegrad state and tried to keep the issue of NATO enlargement separate from other matters. One sign of Russia's more pragmatic and realistic approach to the region (as we shall see in Chapter 4) was that in second half of the 1990s the two sides began to concentrate more on economic issues and on the mutual benefits to be derived from economic cooperation.

Overall, therefore, the period from 1994 to 1997 saw a continued increase in mutual apprehensiveness towards to European security issues. The two sides found direct dialogue over the major issues difficult and fruitless. The question of NATO enlargement was raised at every meeting of the heads of Russian and CE governments and their respective Foreign Ministers, yet no progress was evident. Nevertheless, despite this fundamental difference over NATO enlargement, Russia and the Visegrad states did not sever bilateral relations completely, but continued consultations designed to resolve outstanding and emerging bilateral problems (mostly in the realm of trade and the economy) and worked to improve the legal base for bilateral

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[129] Pavel Kandel (ed.), 'Tsentral'naya i Vostochnaya Evropa i Interesy Rossii.' Russian, http://www.svop.ru/doklad03.htm: Sovet po vneshei i oboronnoi politike (SVOP); The report, however, insisted on the need to develop bilateral ties with the countries of the region. In a private interview in May 1999, one of the authors of the report admitted that his assessment had changed since its appearance in early 1997.

cooperation. A number of factors helped the two sides maintain a relatively high level of contacts. Russia and the Visegrad states' mutual interdependence in the energy sector, remaining issues connected with Russia's debt repayments and the need by the Visegrad states to maintain operability of their armed forces were the factors of common interest. The following section looks at the way Russia's relations with the region developed in the period from 1994 to 1997 at the inter-state level and how each side's national security and foreign policy preferences affected and influenced the character of bilateral ties.

Russia's Bilateral Relations with the CE states, 1994-1997

Russia-Poland

The years from 1994 to 1997 saw further widening of the 'asymmetry of priorities' in Russian-Polish bilateral relations at a high political level.[130] To its credit, Moscow took practical steps aimed at stabilising bilateral ties. In February 1994 Russia and Poland signed an agreement in Krakow which committed the two states to maintain cemeteries on each other's territories. In June 1995, Polish President Walesa laid the foundation stone of a memorial to the Polish victims of the 1940 NKVD massacre in Katyn. Russia ran its own investigation into the atrocity, and cooperated fully with Warsaw in establishing the truth about those events, correct handling of which was essential if a new relationship was to be built between Moscow and Warsaw. President Yeltsin made an appropriate public statement to mark the start of the construction work on the Katyn military cemetery.[131] Russia's policy made possible a gradual process of incremental improvements in Russian-Polish relations. A number of inter-governmental consultations took place, which concentrated on economic issues (more details in Chapter 4). However, because of the sensitive state of relations, small incidents were able to undermine trust, for example, when an incident with Russian tourists at Warsaw East train station resulted in the

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[130] On 'asymmetry of priorities' see Agniezska Magdziak-Miszewska, "Calkowita asymetria." *Rzeczpospolita*, 4 March 1997, cited in Kobrinskaya (1997), p.116.
[131] INTERFAX, 3 June 1995, (FBIS-SOV-95-107).

cancellation of the Russian Prime Minister's official visit.[132] The leader of the Polish Christian National Union (ZchN) argued that the cancellation of the visit showed that for Russia, relations with the West and the former Soviet states were far more important than Polish affairs.[133] Russian commentators, on the other hand, displayed increased irritation with Poland and blamed the Solidarity leadership for playing the anti-Russian card. The Russian press commonly featured anti-Polish articles, while Vladimir Zhirinovsky never missed a chance to insult Poland. At the same time, in Poland Russia was portrayed as the reason why NATO postponed the decisions to include Poland.[134]

In 1994, Poland attempted to formulate a long term Eastern policy under the heading 'Partnership for Transformation'. Some Russian analysts claimed that it was purposefully far-fetched, and that it had been drawn up so as to accuse Russia of not being willing to cooperate.[135] On the whole, Poland's Russia policy was circumscribed by its Western policy – the drive for NATO and EU membership. One Polish expert on Russia and the Prime Minister's advisor on Eastern affairs from 1995 to 1997, Andrzej Drawicz, stated in 1997 that from 1992 until 1995 Poland had maintained a policy of 'tough semi-cold peace' towards Russia.[136] Polish Deputy Foreign Minister, Andrzej Towpik, put the blame on the real divergence of interests between Poland and Russia. Nevertheless, Poland's officials criticized Russia for not seizing opportunities and for failing to accept a number of Warsaw's proposals for cooperation. At the same time, some members of the Polish Sejm Foreign Affairs Committee admitted that reluctance to overcome

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[132] For details see *Izvestia*, 3, 4 and 5 November 1994.
[133] Warsaw PAP, 2 November 1994. (FBIS-EEU-94-213-A)
[134] Nikolai Bukharin, "Russia-Poland," in *Rossiya i Tsentral'no-Vostochnaya Evropa v pervoi polovine 90-kh godov*. Vol 2, (Moscow: IMEPI RAN. 1997), p. 60.
[135] *Ibid*, pp.60-61.
[136] *Ibid*, p. 61.

established stereotypes and lack of coordination of Polish foreign policy contributed to the lack of positive initiatives in Polish policy towards Russia.[137]

Despite setbacks, Russia's relations with Poland improved somewhat during 1995.[138] There were a number of reasons for this, including the need of the growing Polish economy for export markets.[139] In September NATO released the *Study on NATO Enlargement*, which emphasised developing good relations with bordering states.[140] The arrival of a new government and a new president in Poland also lent impetus to bilateral relations.[141] Prime Minister Chernomyrdin's official visit in February 1995 was accompanied by important agreements on debt settlement and gas pipeline construction (see Chapter 4). The 'Yamal-Western Europe pipeline' project elicited a big debate in Poland about the strategic and political as well as economic expediency of having such a major pipeline running through Polish territory. Some Polish experts and politicians, especially those associated with the opposition, raised concerns about a new "Russian expansion". They argued that the construction of the pipeline and continued dependence on Russian gas would undermine Poland's economic independence and allow Russia to manipulate prices and set political conditions.[142]

By 1995, moreover, Russia seemed to have tacitly accepted the inevitability of NATO enlargement, although it continued to express unhappiness at the decision of the CE states to join the alliance. The Russian Premier still raised the question of enlargement during his meeting with

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[137] Warsaw PAP, 3 January 1995, (FBIS-EEU-95-003-A).
[138] Among some of the setbacks were the creation of the non-governmental "Poland-Chechnya Committee", which staged protests in front of the Russian Embassy in Warsaw and consulates across the country and the setting up of the Chechen Information Centre in Krakow. "The Oleksy Case" – a scandal around Prime Minster Jozef Oleksy's alleged cooperation with Russian intelligence, and other 'cases' of Russian spy networks in Poland – further strained the relations. See INTERFAX, 2 January 1995 (FBIS-SOV-96-002).
[139] Bukharin, (1997), p. 61.
[140] *Study on NATO Enlargement*, September 1995, http://www.nato.int/docu/basictxt/enl-9501.htm
[141] Warsaw PAP, 30 January 1995, (FBIS-EEU-95-021-A).
[142] *Segodnya*, 2 November 1995, p. 1.

President Walesa, repeating Russia's opposition to NATO enlargement. Walesa responded: 'You know our position: we will make every effort to join NATO and we will not ask Russia about doing so.'[143] However, the effort which was made during the visit to decouple political disagreements from cooperation in the economic sphere marked an important shift in Russia's approach to CE. While the head of the Russian government concentrated on economic relations with former CMEA states, Russian Foreign Minister Kozyrev took on the discussion of foreign and security issues. At a meeting in Moscow on 16 November 1995, Kozyrev and his Polish counterpart made their positions on European security clear. Predictably enough, neither side gave ground. The event was significant, nevertheless, because Russia and Poland appeared to be beginning to debate their differences rather than simply ignoring one other.

Not for the first time anti-Russian sentiment in Poland, this time connected with the Chechen conflict, cast a shadow on gradually improving bilateral relations. In Poland, and throughout CE, the Chechen conflict was seen by some as evidence of Moscow's inability to rid itself of imperial and non-democratic practices. Russia for its part saw the establishment of a Chechen Information Centre in Krakow and the December 1995 conference held under the title "International Law and the Chechen Republic" as a provocation. The event, according to Russian Foreign Ministry spokesman Grigoriy Karasin, was "clearly intended to represent Chechnya as a subject of international law and international relations". The very fact of the Chechen Centre's existence in Poland was part of "a successful attempt to darken developing Russian-Polish relations and to interfere in Russia's internal affairs".[144] Relations with Moscow were put under further strain,

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[143] PAP Warsaw, 17 February 1995, (FBIS-EEU-95-034).
[144] INTERFAX, 14 December 1995, (FBIS-SOV-95-241).

when, despite Russian objections, the Polish Sejm called on the Council of Europe to place restraints on Russia's activities in Chechnya.[145]

'Spy rows' became a common feature of Russian-Polish relations. In May 1995, the Russian Federal Security Service (FSB) announced that it had evidence that Poland's security services were trying to recruit Russian nationals visiting Poland as spies, and this activity was linked to Poland's drive for NATO membership.[146] Accusations of spying for Russian and Soviet intelligence were common in Polish domestic politics. In early 1996 a political crisis erupted in Warsaw over allegations that Prime Minister Jozef Oleksy had been a KGB spy, and he was eventually forced to resign.[147] The newly elected President of Poland was also accused of having worked with Soviet and Russian intelligence.[148] In February 1997, Zbignew Siemiatkowski (head of Poland's Intelligence Service) alleged that Russia was endeavouring to compromise the Polish elite by portraying it as either corrupt or still devoted to its old Soviet masters.[149] Foreign Minister Dariusz Rosati declared: "It would be naïve to think that Russia will not make use of the means and tools at the disposal of that sovereign and powerful state," and added that he "did not rule out any scenarios" where Russia's behaviour was concerned.[150] Some Russian newspapers commented that it seemed as though the Polish authorities feared Russia was prepared to take extreme measures to prevent their country from joining NATO.

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[145] *Monitor: A Daily Briefing on the Post-Soviet States,* Vol. 2, Issue 157, August 26, 1996, *The Jamestown Foundation*, http://www.jamestown.org/pubs/view/mon/002/157_004.htm
[146] ITAR-TASS, 25 May 1995, (FBIS-SOV-95-102), and also ITAR-TASS, 7 June 1995, (FBIS-SOV-95-110).
[147] "Back against the Wall. Interview with the former Polish Prime Minister Jozef Oleksy," *Polityka*, 27 January 1996, pp. 15-18, (FBIS-EEU-96-025).
[148] *Monitor: A Daily Briefing on the Post-Soviet States,* Vol. 2, Issue 109, 10 June 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/109_008.htm
[149] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 2, Issue 108, 5 June 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/110_005.htm
[150] *Segodnya*, 1 March 1997, p. 3.

While Russophobia was principally part of Polish internal politics, such events demonstrate the difficulties that Russia faced in improving relations. Polish political groups viewed major bilateral economic agreements with Russia through the prism of a "potential threat from the East" and inevitably became politicised as in the case of the Yamal pipeline project. President Yeltsin`s unfortunate choice of the term 'transport corridor' in relation to Russia and Belarus` joint proposal to build a motorway and railway, accompanied by gas and oil pipelines, from Grodno in Belarus across northeast Poland to Russia's exclave in Kaliningrad, also brought strong negative reaction from Warsaw in March 1996. The idea for the project had first emerged in 1992, and it was endorsed by the Council for Russian-Polish transborder cooperation founded by Kaliningrad and Poland's northern voevodships, only to be denounced in March 1996 as a part of Russian plan to deprive Poland of a common border with Lithuania.[151] President Kwasniewski announced that there could be no transit corridor through Poland from Belarus to Kaliningrad, citing technical and environmental reasons for the refusal. He agreed, however, that Warsaw would work with Moscow to modernize the existing routes.[152]

As one Polish analyst noted, "Apart from real or would-be intentions and political games, the incident once again brought home to Poland (and others) the specific character of the Russian exclave and the political implications of its existence."[153] There were also the ominous historical echoes of the Danzig corridor, and there were environmental objections. However, there were

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[151] In Poland, the very term 'corridor' implied a degree of extraterritoriality or other privileges that Warsaw interpreted as an attempt to impinge upon its sovereignty. Such a transport corridor reminded the Poles of the pre-World War II Danzig corridor, and was severely criticized by high government officials. See Algirdas Gricius, "Russia's Exclave in the Baltic Region: A Source of Stability or Tension?," in *Kaliningrad: The European Amber Region*, ed. by Joenniemi, Pertti, Jan Prawitz (Aldershot: Ashgate, 1998), p. 161; Yuriy Zverev, *Kaliningradskaya Oblast' Rossii v Novoi Sisteme Geopoliticheskikh Koordinat* (http://pubs.carnegie.ru/CRS/yzverev.htm: 1996); Antoni Z. Kamiński, "Polish Perspectives on Baltic Security" in *Stability and Security in the Baltic Sea Region. Russian, Nordic and European Aspects*, ed. by Olaf F. Knudsen (London: Frank Cass, 1999), p. 135; *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 2, Issue 45, 4 March 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/045_009.htm

[152] Zverev, (1996).

[153] Zdzislaw Lachowski, "Kaliningrad as a Security Issue: An Expert View from Poland," in *Kaliningrad: The European Amber Region*, ed. by Joenniemi, Pertti, Jan Prawitz (Aldershot: Ashgate, 1998), p. 139.

three more immediate reasons for Warsaw's negative stance, and they underline the complexity of Russian-Polish relations. Firstly, Poland did not want to cause trouble with Lithuania, which at the time handled the bulk of Kaliningrad-mainland Russia transit. Poland worked hard to improve its relations with Lithuania, and both countries shared one objective – to join NATO. Russia, however, had become increasingly displeased with Lithuania's handling of its freight, especially military consignments, and Russian citizens' access to the region.[154] Had the 'corridor' idea been implemented in any form, transit through Lithuania would have decreased with significant financial losses for Vilnius. Secondly, the leftist government in Warsaw was under constant scrutiny from the opposition, which criticised its 'loyal' attitude towards Russia. Finally, military strategic considerations played an important part, particularly in the context of Russia's stern opposition to NATO enlargement, its continued *rapprochement* with Belarus, and the calls being made by some Russian politicians and defence spokesmen to preserve Kaliningrad's military capabilities. The then Russian Security Council Secretary Ivan Rybkin declared, "In the context of NATO enlargement the Kaliningrad region is becoming a key element in guaranteeing the security of Russia and its ally Belarus."[155] Poland also regarded the proposed corridor as potentially compromising its chances of joining NATO. As Marek Karp from the Centre for Eastern Studies in Warsaw argued, Moscow could advance the argument to NATO that its lines of military transportation passed through Poland, and that the presence of NATO in Poland would threaten those lines and Kaliningrad's garrisons.[156]

On his first official visit to Warsaw in March 1996 as Russian Foreign Minister Primakov tried to explain Russia's position with regard to the 'transit corridor'. The question was not officially discussed. However, answering journalists' questions, Primakov said:

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[154] Mikhail Urusov, "Kaliningrad Special District: Where Does the Danger Lie?" *Moscow News*, 16 October, 1997, p. 4.
[155] INTERFAX, 7 May 1997, (FBIS-SOV-97-127).
[156] Report by Warsaw RPB Television First Program Network, 17 March 1996, (FBIS-EEU-96-156)

> This is a topic that unnecessarily stirred up anti-Russian attitudes. Russia has never believed, and never will believe, that it is possible to run a corridor through another country's territory without the host country's supervision. The Russian side has never even mentioned the possibility of building such a corridor.[157]

Primakov further noted that the discussion was only about extending the existing transportation system to cater for increased traffic. However, irreparable damage had been caused, partly by an unfortunate choice of words. As Russian observer Dmitri Trenin noted, "the very idea of another 'corridor' – even the word itself – made the Poles allergic and suspicious [of Russia]," and vindicated their decision to join NATO.[158]

Primakov's renewed proposals during the visit that NATO and Russia provide joint, or, alternatively, only the US and NATO provide security guarantees for Central Europe were predictably rejected.[159] Some Polish analysts accused Moscow of deliberately making proposals that were not acceptable to Warsaw. Jacek Poplawski, an expert at the Centre for Eastern Studies in Warsaw, argued that the Kaliningrad transport corridor was from the same rank of Russia's ploys, and a reflection of how Russian politicians were becoming subtler in their bid to block Poland's membership of NATO:

> There're hoping for a negative reaction to their offers so they can tell the world they're meeting these countries, offering them something, perhaps even some alternatives, but that all Poland does is act indignantly and demonstrate a fear of anything to do with Russia… Russia exploits this in their propaganda directed at the West, asking the West to reconsider with whom it wants to integrate.[160]

In Moscow, however, Warsaw's categorical 'no' to its proposal was interpreted as proof that Poland's distrust of Russia was the main reason for its NATO push. To dispel any such

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[157] *Warsaw Voice*, No. 12 (387), 24 March 1996, http://www.warsawvoice.com.pl/v387/News00.htm
[158] Dmitri Trenin, *The End of Eurasia: Russia on the Border Between Geopolitics and Globalization* (Moscow: Carnegie Moscow Center, 2001), p. 156.
[159] This proposal by Primakov was nothing new in the way in which Russia attempted to find a compromise with the Central Europeans on future security arrangements in Europe. Andrey Kozyrev, Primakov's predecessor put forward the same idea in December 1994, which the CE states were quick to reject.
[160] *Op. cit.*

perception, the Polish authorities initiated a proposal for Russian-Polish military-technical cooperation. Some Russian commentators suggested that Warsaw was acting with the approval of the West, in whose opinion "arms deals [with Russia] of moderate proportions do not undermine Warsaw's reputation."[161] In April 1996 the then Polish National Defence Minister Stanislaw Dobrzanski took to Moscow a package of proposals for military cooperation. Similar agreements reached in 1993 had failed to come to anything. Subsequently, Polish military officials complained that they made 20 to 40 proposals to Russia annually, but Dobrzanski complained that Moscow declined greater bilateral military cooperation, citing financial problems.[162]

Immediately following the Minister's visit to Moscow, a Russian delegation arrived in Warsaw to sign a separate agreement on arms deliveries, military technology, and the provision of defence-related services. Around 80 percent of the Polish armed forces' equipment at the time was of Russian origin and urgently required spare parts and servicing. The Polish defence industry still mainly produced weapons developed in Russia. Previous talks on military-industrial cooperation had stumbled on disagreements over Poland's export of Russian designed arms to third countries.[163] Only in May 1996 did the Sejm set up a commission to tighten up the law on military-technical cooperation, or 'trade in special production'. Until then, Russian officials complained, Polish companies had re-exported Russian arms without regard to earlier agreements

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[161] *Segodnya*, 6 April, 1996

[162] Among the proposals that Dobrzanski handed over to his Russian counterpart, Pavel Grachev, were plans for joint military exercises within the PfP framework to take place in July 1997, and training of Polish military officers in Russian military academies - a group of Polish officers were taking courses at the time in Russia's Frunze Military Academy in Moscow. See Bukharin (1997), p. 64; Cooperation with Kaliningrad Special Defence Region (KOOR). ThePolish Defence Minister suggested increased exchanges between Poland and Kaliningrad Region and swapping agricultural products that Kaliningrad was short of for spare parts. The Polish officials also wanted to secure supplies of spare parts for Su-22, MiG-21 and MiG-29 fighter aircraft, establishing Polish-Russian joint ventures in Poland to manage repairs of aircraft engines and Russian military ships built at Polish shipyards. See Irina Kobrinskaya, and Peter Litavrin, "Military-Technical Cooperation Between Russia and Countries of East-Central Europe," in *Russia and the Arms Trade*, ed. by Ian Anthony (Oxford: Oxford University Press for SIPRI, 1998), pp. 188-189.

[163] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 2, Issue 67, 5 April 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/067_013.htm

on re-transfer.[164] In the light of Poland's bid to join NATO, Russia became reluctant to grant Warsaw licenses to produce equipment arguing that Russian military-technical security could be compromised. Moscow was also wary of allowing Poland to compete with Russian-made products on the world arms market. Eventually an agreement was reached that levels of exports of Russian-designed equipment manufactured in Poland would be spelt out in each contract signed with Russia.[165]

Needless to say, intensified dialogue with Russia, particularly in such a delicate area as military cooperation, provoked critical commentary from the opposition in Warsaw. Commenting on Dobrzanski's visit to Moscow, a member of Poland's Defence Commission, former Deputy Defence Minister Bronislaw Komarowski, argued that Poland should not take on risky obligations at a time when from the point of view of its role in Eastern Europe and NATO, Poland's main partner should be the United States.[166] Some argued that Poland should try to replace military-industrial cooperation with Russia by imports from other post-communist states, notably Slovakia and Ukraine. In March 1994, Polish Defence chief Piotr Kolodzejczik signed an agreement with Kiev worth USD 150-200 million for the repair in Ukraine of T-72 tanks as well as MiG and Sukhoi fighters.[167] Polish military officials, nevertheless, were the most pragmatic when it came to cooperation with Russia. They argued that it was needed to preserve the operability of their equipment, and that cooperation with Russia in the defence sector would not in any case extend the life of Russian-made arms beyond 2000-2005.[168] Russian officials, on the other hand, failed to re-assure the Polish political elite about Russia's longer-term commitment. After signing the documents Dobrzanski expressed the hope that the agreements would guarantee

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[164] Kobrinskaya, "Military-Technical Cooperation Between Russia and," p. 187.
[165] *Op. cit.*
[166] *Op. cit.*, p. 187.
[167] *Kommersant Daily*, 12 April 1994.
[168] Kobrinskaya, *Rossiya i Tsentral'naya Vostochnaya Evropa posle* , p. 147.

the supply of Russian spare parts even after Poland's entry into NATO, but Russian Defence Minister Grachev declared that Moscow might review military and military-technical contacts with Poland if the latter joined the Western Alliance.[169] The development of relations between Russia and Poland was constantly monitored by the opposition. Russian officials often added complications by making controversial statements, such as Grachev's remark, demonstrating the absence of any long-term vision of Russian-Polish relations. At the same time, from Russia's point of view, it was hard not to see the difference in Poland's relations with the West and to accept the justifications Warsaw offered for refusing to pursue some projects with Moscow. Russian observers noted that while environmental reasons had been cited as obstacles to joint projects on Polish territory, such as the Kaliningrad motorway, in June 1996 the Poles agreed to lease to the British armed forces a shooting range at Drawska Pomorski and Usce, the first of which is located on a nature reserve.[170]

Poland's new President Aleksander Kwasniewski was more well-disposed towards cooperation than his predecessor. During his first official visit to Moscow on 7-9 April 1996 he commented: "Poland does not want to be in NATO against Russia."[171] Kwasniewski also argued that "Warsaw had no objections to CIS integration or the Russian-Belarus union because every nation has the right to act according to its interests", and urged Moscow to display the same respect for Warsaw's interests.[172] However, not everyone in Warsaw agreed with their President. There were growing concerns in Poland over the security implications of Belarus' growing political and military alignment with Russia. The Russian Defence Minister's threats to take countermeasures in Belarus if Poland joined NATO provoked a response from Janusz Onyszkiewicz, at the time a

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[169] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 2, Issue 67, 5 April 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/067_013.htm
[170] *Op. cit.*, 148.
[171] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 2, Issue 70, 10 April 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/070_015.htm
[172] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 2, Issue 68, 8 April 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/068_008.htm

senior parliamentarian and a former defence chief, who warned Russia that if it introduced its forces into Belarus along Poland's border, NATO could respond by taking steps to right the military balance.[173] Yet stable relations with Russia, as many Polish politicians admitted, were essential conditions for eventual membership of NATO. According to Polish Foreign Minister Rosati, "Western states do not want to accept a country which is in the state of antagonism with such a superpower as Russia."[174]

The Russia-Byelorussian association, meanwhile, grew closer. Belarusian President Lukashenka, even more hostile to NATO enlargement than the Russians, pointed out that unification with Russia was vital for Belarusian security as "Poland and the Baltic countries are more and more linking their interests to NATO and Belarus may soon find itself in a dangerous frontier neighbourhood." As a result, Lukashenka argued, Belarus would find it difficult to maintain its western borders at an up-to-date level without Russia's aid.[175] During President Kwasniewski's visit to Belarus, while expressing concern about Poland's plans to join NATO, Lukashenka stated that Belarus had no right to interfere in Poland's decision to integrate with NATO.[176] Kwasniewski for his part stated that he believed that the recently signed Russian-Belarusian treaty on the creation of a union state would in no way undermine Belarusian statehood.[177]

Despite this diplomatic politeness, Poland became increasingly concerned with Belarus' pro-Russian leanings and Lukashenka's authoritarian leadership style. As the Polish academic, Antoni Kamiñski, observed, the problem was not so much the fact that the two states strove

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[173] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 2, Issue 94, 15 May 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/094_016.htm
[174] *New Times*, May 1996, p. 45.
[175] ITAR-TASS, 4 April 1995, (FBIS-SOV-95-065)
[176] INTERFAX, 30 March 1996, (FBIS-SOV-96-063).
[177] *Ibid.*

towards 'unification' as the circumstances under which it was happening.[178] Kamiñski commented that, as a result of the priority that military interests were given in the process of integration, Lukashenka's provocative moves both internationally and inside Belarus could destabilise the region. For Poland, the problem lay not only in the potential growth of Russian military influence on its doorstep, but also in the way Russia turned a blind eye to Lukashenka's neo-Soviet leadership style, might recourse to magnifying international tensions to justify his internal policies. Even liberal forces within the Russian political elite regarded closer military ties with Belarus as a response to the 'geopolitical imperative' to counter the advance of the West at the expense of Russia's influence in its immediate vicinity.[179] Belarussian willingness to 'unify' with Russia for economic, political and security reasons presented Russian authorities at the time with an opportunity they could not miss. What Vladimir Baranovsky and Alexei Arbatov call 'Russia's deficiency in allies', coupled with growing suspicion of the West, anti-Russian positions in CE and the open unfriendliness of the Baltic states made Russia overlook any reservations with respect to Lukashenka's regime.[180] Yet, as Polish academic Kamiñski underlined, it is what is seen as Russia's drive to regain control over the former Soviet republics for (geo)-political reasons at the expense of democratic and market reforms that fuels the idea of the 'Russian threat' in CE.[181]

Russia's progressive integration with Belarus was expected to play an important part in one other important dimension in the geopolitics of the region. The two states drawing together somewhat, it was hoped, could at least alleviate Russia's Kaliningrad problem.

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[178] Kamiñski, "Polish Perspectives on Baltic Security," p. 136.
[179] Rontoyanni, "A Russo-Belarusian 'Union State'," p. 6.
[180] Vladimir Baranovsky, and Alexei Arbatov, "The Changing Security Perspective in Europe" in *Russia and the West: The 21st Century Security Environment*, ed. by Alexei G. Arbatov, Karl Kaiser, Robert Legvold (New York, London: M.E. Sharpe for EastWest Institute, 1999), p. 48.
[181] Kamiñski, "Polish Perspectives on Baltic Security," p. 137.

The Kaliningrad oblast in Russian-Polish Security Relations

After the dissolution of the Warsaw Pact and Soviet troop withdrawal from Eastern Germany, Central Europe, and the Baltic states, the Kaliningrad region, a highly militarised and closed zone in the Soviet Union, temporarily became home to the returning Russian troops. After 1993, however, the number of troops and amount of equipment gradually decreased and by 1997 the figures reached levels below those allowed by the CFE limits.[182] While Poland was generally patient and understanding towards the difficulties in Kaliningrad region, Warsaw nonetheless kept voicing through diplomatic channels its anxiety over Russia's large military presence close to Poland's borders. These calls intensified and became more pronounced as Russia's opposition to NATO grew and Moscow's official foreign and security policy shifted towards a more hard-line statist approach. With the shift away from liberalism in Russian domestic politics came a re-assessment of the future plans for Kaliningrad and the rise in prominence of opinions favouring the retention of its military character. The announcement on 21 March 1994 of Russia's intention to create a 'special defence region' (*Kaliningradskiy osobyi oboronitel'nyi raion*, KOOR) in the area, which would contain large groupings of ground forces, military aviation, air defence forces and naval units from the Baltic Fleet, under the command of the Baltic Sea Fleet Admiral, prompted a negative reaction from neighbouring states – Poland in particular.[183] During his visit to Lithuania in February 1994, Polish President Walesa described the number of Russian troops in Kaliningrad region as an 'alarming phenomenon' and wondered aloud why such a powerful grouping was stationed there in peacetime. He also called on the West to respond to this excessive militarization. Poland also proposed the launch of a new agenda for arms control in Europe at the CSCE on 7 September 1994 with the implicit aim of avoiding excessive arms concentrations in areas such as Kaliningrad.[184] Later in the year, however, Polish officials

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[182] Ingmar Oldberg, "Kaliningrad: Problems and Prospects," in *Kaliningrad: The European Amber Region*, ed. by Joenniemi, Pertti, Jan Prawitz (Aldershot: Ashgate, 1998), p. 5.
[183] Lachowski, "Kaliningrad as a Security Issue," p. 138.
[184] CSCE document CSCE/FSC/SC.29, Vienna, 7 September 1994, cited *ibid.* p. 146.

reportedly did not press hard for this in bilateral talks with their Russian counterparts. While stating that no country was interested in "having other states' major military groupings close to their borders", Poland was not going to consider the issue a serious bilateral problem.[185]

The level of military concentration in the region, nonetheless, raised justifiable concerns amongst Kaliningrad's neighbours. According to Jakub Godzimirski, the perception of Kaliningrad as a problem in geostrategic terms was to a great extent due to the obvious disparity of military potential concentrated in the area:

> Even if one compares the quantity of military hardware deployed on the *whole territory of Poland* with what is concentrated *only in the Kaliningrad oblast*, the situation is rather disadvantageous to Poland.[186]

Table 3. The strategic balance of power: Poland, Russia and Kaliningrad in the light of the CFE limits (percent)

Category:	Poland's CFE limits as a percentage of Russia's CFE limits	Kaliningrad 1995 holdings to Poland's CFE limits
ACV*	19	54
Artillery	25	31
Attack helicopters	15	40
Combat aircraft	13	7
Manpower	16	?**
Tanks	**27**	**57**

Source: Adapted from Jakub M. Godzimirski (1999), p. 49.
* Armoured Combat Vehicle
** Russia released no official data on manpower figures, due to their constant change.

As the above table shows, there was a disproportionate concentration of military equipment deployed near Poland in general and in the Kaliningrad region in particular, and this disproportion continued to be a source of concerns in Warsaw. Bronislaw Geremek, Poland's Foreign Minister, complained in August 1996:

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[185] *Izvestia*, 9 December 1994, cited *op cit.*, p. 135.
[186] Jakub M. Godzimirski, "Soviet Legacy and the Baltic Security: The Case of Kaliningrad" in *Stability and Security in the Baltic Sea Region. Russian, Nordic and European Aspects*, ed. by Olaf F. Knudsen (London: Frank Cass, 1999), p. 48.

> Russians explain the concentration of troops and military materiel in that region by the fact that they had nowhere to place the personnel and equipment after the pullout from the then German Democratic Republic. However, with more and more time passing and no changes in sight, this explanation hardly has a leg to stand on… This immediately raises the question, who is this military base is aimed against? To counter what countries bordering Kaliningrad oblast is the military power being amassed?[187]

Geremek urged Europe to 'raise the problem of demilitarisation of the *oblast*. The current situation was 'unacceptable' from the standpoint of peace in Europe, according to the Polish Foreign Minister.[188]

Poland and other Baltic states' calls for Kaliningrad's demilitarisation at a time when they were campaigning for membership of NATO were interpreted in Moscow as duplicitous and aimed at weakening Russia's presence in the region. As Russian Deputy Foreign Minister Krylov pointed out, any further demilitarisation of the Kaliningrad region would not be possible if NATO accepted Poland and the Baltic states without having established constructive relations with Russia, taking into account its national security concerns.[189] Russian military officials accused the Baltic states and Poland of using the military presence in the Kaliningrad region as an excuse to integrate quickly into NATO structures. Chief of the Russian Navy, Felix Gromov, argued that the tempting 'peace-creating' ideas concerning demilitarisation of KOOR had a hidden agenda – to withdraw the Russian Fleet from the strategically important region of the Baltic Sea and send it to the closed and frozen waters of Kronstadt and St. Petersburg.[190] The Admiral also pointed to the increasing military cooperation of the Baltic states with the USA. Poland and the United States, he noted, conducted negotiations with each other and with the Baltic states aimed at

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[187] *Zycie Warszawy*, 8 August 1996, (FBIS-EEU-96-156)
[188] *Ibid.*
[189] Krylov commented: "Our neighbours wish to join NATO, and at the same time are not happy with allegedly large military grouping in Kaliningrad region", cited in Zverev (1995).
[190] Adm. F.N. Gromov, "Znachenie Kaliningradskogo osobogo raiona dlya oboronosposobnosti Rossiyskoi Federatsii," *Voennaya Mysl'*, No. 4, July-August, 1996, p. 12.

creating an air-control system in those states.[191] Subsequently, Russian officials complained about Poland concentrating its forces close to Kaliningrad's borders. Sergey Glotov, member of the Duma and head of the Coordination Council of the Duma cross-party "Anti-NATO" association, called on the members of the Russian Defence Council to "respond to pressing issues of national security in the Kaliningrad region." Glotov complained that impending NATO enlargement sharply aggravated the military and political situation on the borders of the KOOR. The situation was worsened, according to the deputy, because Poland and Lithuania were concentrating their armed forces in the Kaliningrad direction. Glotov claimed that since 1994 Poland had doubled the numerical strength of its forces in that quarter, amassing a stable force of 22,000.[192] General Fyodor Krisanov complained about the increase in air reconnaissance activity in the vicinity of the Kaliningrad region, especially in the first months of 1997, and voiced concern that Poland had permitted NATO reconnaissance flights over its territory.[193] This verbal war was in all likelihood aimed at scoring political points and, possibly, at attracting attention and raising the stakes in a campaign to sustaining KOOR's military potential.

Kaliningrad region's specific geographic location and the strategic value that the Russian authorities placed on it, especially in the light of NATO enlargement, became a subject that both Russia and Poland used in their arguments respectively against and in favour of the enlargement. NATO enlargement inadvertently made Kaliningrad region a 'security issue'. Poland used it as an argument to express its security concerns, which Russia interpreted as a propaganda ploy to gain membership of the alliance. Moscow, on the other hand, on the level of rhetoric at least, was using Kaliningrad to blackmail Poland and Lithuania not to seek NATO membership, threatening

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[191] *Ibid*, p. 12.
[192] Glotov gave further figures for the group's military hardware numbering 370 tanks, 400 armoured personnel carriers and 250 guns and trench mortars, which, he claimed, signified a threat to Russian national security from that potential NATO member. See ITAR-TASS, 20 May 1997, (FBIS-UMA-97-140)
[193] Interfax, 16 April 1997, (FBIS-UMA-97-116)

to step up its military presence in the region should the alliance expand eastwards.[194]

In many other respects, the Kaliningrad region presented Russia with a number of problems, and maintaining its military strategic character was only one of the ranges of issues, including economic, social and environmental ones, that Moscow had to deal with and that provoked anxieties in the neighbouring states.[195] Despite disagreements in the hard security sphere during the period under discussion, Russia and Poland found more common ground and areas of cooperation in the non-military security domain. Although the debate regarding the future of Kaliningrad region was largely dominated by geopolitical concerns, by 1997 there were signs both in Russia and even more so in Poland of a desire to link it with the new, EU-oriented agenda.[196] The role of the EU and other soft security issues pertaining to these aspects of Russian-Polish relations are discussed in more detail in the next chapter.

Russia-Hungary

Russia's relations with Hungary in the 1994 and 1997 period resembled to a large extent these with other Visegrad states during that time. Hungary's new socialist government, which came to power in 1994, announced a policy of continuity in implementing the country's previous policy of a 'return to Europe', and declared that Hungary's relations with Russia would develop within that framework.[197] Like their counterparts elsewhere in Central Europe, the Hungarian political elite and foreign and security policy specialists overwhelmingly believed that the security interests of their country would be better guaranteed through membership of NATO, rather than

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[194] The Russian military speculated that Russia might react to the enlargement by deploying tactical nuclear weapons in Kaliningrad and/or by targeting new members. See Godzimirski, "Soviet Legacy and the Baltic Security," p. 53n.
[195] See various chapters in Pertti Joenniemi and Jan Prawitz (eds.), *Kaliningrad: The European Amber Region* (Aldershot: Ashgate, 1998).
[196] Joenniemi, "Kaliningrad," p. 235.
[197] O.G. Volotov, "Rossiya-Vengriya" in *Rossiya i Tsentral'no-Vostochnaya Evropa v Pervoi Polovine 90-kh Godov. Chast' II - Dvustoronniye Otnosheniya*, ed. by Igor Orlik, Svetlana Glinkina, Boris Shmelev (Moscow: IMEPI RAN, 1997), p. 41.

by any other kind of new organisation (or one based on the OSCE). As Csaba Nagy, a Hungarian observer, put it

> For nations that have re-possessed independence, there are only three choices: either to live in Russia's shadow, to become neutral, or to join the West European integration process. There is no fourth option in the European space.[198]

This categorical judgement conveys the prevailing mood amongst Central Europeans at the time and sent Russia a clear message as to what position it was facing with regard to these countries and showed Moscow where they saw themselves in the European security system and their position relative to Russia.

When judged against the record of Russia's bilateral ties with Poland in this, Russian-Hungarian relations are marked by fewer problems and by their relative stability despite Budapest's unequivocal pro-Western orientation. One of the reasons for this is that the history of bilateral relations between the two countries is less burdened with negative episodes than is the case with Poland. Hungary occupies a far less significant place in Russia's geopolitical thinking due Hungary's remote geographical position, absence of common borders, and the fact that Hungary was not seen as a strong regional leader. Another important factor was that Russia attached a different degree of importance to various states' possible membership of the NATO alliance. As Poland's former defence chief Janusz Onyszkiewicz observed after Russian-Polish consultations in February 1996, Russia would probably agree to Hungary and the Czech Republic's membership in NATO as long as Poland did not join.[199]

Thus the intensification of the debate on NATO enlargement, even though Hungary was one of the three most likely candidates to join in the first wave, did not significantly disrupt the process

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198 Nagy Csaba, "Variaciók a NATO-témára," *Magyar Hirlap*, 16 December 1994, quoted *ibid.*, p. 44.
199 Kobrinskaya, *Rossiya i Tsentral'naya Vostochnaya Evropa posle*, p. 109.

of building the legal base for bilateral relations. In January 1995 the Russian Duma ratified the State Treaty on Cooperation and Friendly Relations that was originally signed in 1991. Russian and Hungarian officials drew up more than twenty treaties and agreements that laid a legal foundation for regulating future bilateral relations. A number of high-level official exchanges took place in the period under discussion. Prime Minister Viktor Chernomyrdin visited Hungary in 1994 and Hungary's Prime Minister Gyula Horn paid an official visit to Russia in March 1995. During the visits progress was made in resolving the issue of Russia's outstanding debts to Hungary.

The evolution and institutionalisation of the OSCE coincided with the rise of the debate on NATO enlargement and the role that the OSCE would have in the ongoing transformation of the European security system. Hungary's leadership of the OSCE at the time gave Russia another opportunity to air its views on Budapest's bid to join NATO and present its view on the roles of the OSCE and NATO. At the 1996 Lisbon OSCE summit Russia initiated the development of a new Model for Security in Europe. Kozyrev presented Hungary with a working memorandum containing Russia's official position, stating that "Moscow is proposing that a dialogue be conducted on the basis of existing structures in the interests of a unified Europe". This statement underlined, once again, Russia's fear of being isolated and excluded from European processes if the North Atlantic Alliance was to enlarge. After his talks with the Hungarian leadership – President Arpad Goncz, Prime Minister Gyula Horn and Foreign Minster Lazslo Kovacs – Kozyrev stated: "We are against solving Europe's questions without considering the interests of other states."[200] However, Russia failed to find in Hungary an ally for its earlier proposal to reform the CSCE so that it would acquire an "executive agency with a limited membership", modelled after the Security Council of the United Nations. Russia's calls to enhance the overall

[200] ITAR-TASS, 24 March 1995, (FBIS-SOV-95-058).

role of the CSCE and turn it into a kind of counterbalance to NATO met with resolute opposition, especially from Hungary and the Czech Republic.[201] All subsequent Russian-Hungarian discussions on the future of the European security system were restricted to exchanges of opinions and reiteration of the two sides' positions.

In November 1997, Hungary held a referendum on the subject of NATO membership. Nearly 85 percent of the 50 percent of the population who cast their votes said 'yes' to membership. Commenting on the results, Russian Deputy Foreign Minister Aleksandr Avdeyev stated that a stronger NATO presence on the European continent "makes no constructive sense and leads Europe nowhere intellectually" and that Russia's opposition to the expansion of NATO would not be weakened by "the desire of a specific European state to join that organisation".[202] Nevertheless, despite Russia's strong opposition to NATO enlargement, Moscow managed to sustain pragmatic and businesslike relations with Budapest in most spheres. As Chapter 4 will show, Russia and Hungary reached a number of agreements on various other levels – from economic and trade ties to the fight against organised crime. An agreement was reached on arms trade and related services, which was particularly significant, as Russian Deputy Prime Minister Vladimir Bulgak pointed out, "in light of Hungary's intentions to join NATO".[203] Hungarian Chief of the General Staff Lt.Gen. Ferenc Vegh commented that Budapest had to sign the agreement simply to keep the mainly Russian-made military equipment in Hungary's armed forces operable. However, Russian-Hungarian cooperation in this sphere was not limited just to the trade. In addition, according to Vegh, Hungary continued to send some of its army officers for training at the Russian General Staff Military Academy and the graduates received good

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[201] *Izvestia*, 12 October 1994, p. 3.
[202] Interfax, 17 November 1997, (FBIS-SOV-97-321).
[203] Interfax, 11 November 1997, (FBIS-UMA-97-315)

placements in the Hungarian armed forces afterwards.[204] The Russian and Hungarian defence leaderships, Russian Defence Minister Igor Sergeyev and Hungarian Minister of Defence Gyorgy Keleti, also stated their intention to work on measures to improve "trust and understanding" between the two nations' armies.[205]

As the above account of Russian-Hungarian relations in the period between 1994 and 1997 demonstrates, the two countries managed to sustain and develop balanced and amicable relations on a high political level. Disagreements on the fundamental issue of NATO enlargement did not bring any major fallout between Moscow and Budapest. By the end of 1996 Russia acquiesced to the inevitability of NATO enlargement to include three states and the signing of the face-saving Fundamental Act with NATO allowed Russia to pursue more balanced and multi-focused relations with the candidate member states, and Hungary in particular. The positive trend in Russian-Hungarian relations was helped by the ability of the two sides to compromise, particularly by agreeing to accept Russian arms in payment of Russian debts. The sensitivity of such a deal is hard to underestimate. Russia was keen to sustain its share of the arms market in the region and retain some dependence in CE on its military products. In light of the across-the-board switch of CE states towards the West, their desire to join NATO, and the CE states' fear of compromising their pro-Western orientation by dealing with Russia in the military sphere, the delivery of 28 MiG-29 fighters worth USD 8000 million and subsequent deals for the delivery of spare parts and related services to Hungary was a major achievement for Russia. The increase in the pace of military-technical cooperation between Russia and some of the CE states, and Hungary in particular, demonstrated that, despite the existence of real constraints, mutual interest had dominated over mistrust and prejudice, although on a more primitive and less ambitious level

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[204] *Nezavisimaya gazeta*, 28 November 1997, p. 1.
[205] *Ibid.*

then initially hoped for in Russia.[206] Russian policy-makers and advisors on military-industrial cooperation agreed that, looked at realistically, the export prospects to CE would be limited by political considerations. However, Russian military industrialists hoped that they would be able to offer a reasonable and economically attractive programme to modernise the CE states' armed forces to NATO standards. Russia's *Rosvooruzhenie* concern calculated that Hungary would have to pay USD 6 billion to develop NATO-compatible infrastructure and procure 70 new Western combat aircraft. *Rosvooruzhenie* offered to upgrade the existing fleet of Russian made fighters deployed in Hungary and deliver other types of MiG fighters at a cost of USD 400 million or five times cheaper than buying equivalent hardware from the West.

In general then, Moscow's relations with Budapest and their major economic deals with potentially significant political implications were less subject to political scrutiny and antagonism in Hungary than was the case with Poland, where ties with Russia more often became a matter for domestic political in-fighting. Russia was able to pursue more stable and pragmatic relations with Hungary. Budapest actively supported the signing of the Russia-NATO Founding Act, which it saw as a factor increasing stability and trust in Europe, and was careful to emphasize that Russia was an integral part of the European security system.[207]

Russia-Czech Republic

If Russia's relations with Poland in the period between 1994 to 1997 could be characterised as controlled mutual antipathy and Russian-Hungarian ties as generally pragmatic and business-like, then Russia's relationship with the Czech Republic falls somewhere in between. Moscow's relations with Prague, predictably, were disrupted by the strength of the Czech leadership's desire

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[206] Kobrinskaya, Irina and Peter Litavrin, "Military-Technical Cooperation Between Russia and Countries of East-Central Europe," in *Russia and the Arms Trade*, ed. by Ian Anthony (Oxford: Oxford University Press for SIPRI, 1998), p. 183.

[207] *Nezavisimaya gazeta*, 28 November 1997, p. 1.

to join NATO. From his side, Jiri Payne, Chair of the Czech Parliament Foreign Affairs Committee, saw in Russia's opposition to Czech membership of NATO a reflection of a lack of interest in developing relations with Prague.[208] Russia's anti-enlargement rhetoric was perceived by the candidate member-states as evidence of Moscow's inability to rid itself of old thinking. Czech President Vaclav Havel characterised the trend in Russian foreign policy as "a return to the bi-polar world view of the Cold War years".[209] He claimed that yielding to Russia's opposition to NATO enlargement could lead to "Europe being threatened with a repetition of the 1938 'Munich Agreement', which was a prelude to the World War II" and warned the Western democracies of the erroneous path of making concessions to the forces of evil.[210] Havel, however, also called for a "widening" of NATO's relations with Russia.

The Czech Republic, perhaps more than any other CE country, felt that its foreign policy orientation and national security priorities pointed firmly towards the West.[211] Compared with other CE states, the Czech Republic's geopolitical location made it feel more distant from Russia. The experience of Soviet occupation left an important mark on perceptions. The events of August 1968 and earlier experiences of external domination have often been cited by Czech politicians as the result of failures by the West to protect their country.[212] The violent Russian intervention in Chechnya in late 1994 stirred old memories and strengthened Prague's resolve to join NATO.[213] The shift was evident in opinion polls. In 1992, 39 per cent of the population felt threatened by

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[208] Quoted in M. Kopytina, "Rossiya-Chekhiya" in *Rossiya i Tsentral'no-Vostochnaya Evropa v Pervoi Polovine 90-kh Godov. Chast' II - Dvustoronniye Otnosheniya*, ed. by Igor Orlik, Svetlana Glinkina, Boris Shmelev (Moscow: IMEPI RAN, 1997), p. 107.
[209] Quoted, *ibid.*, p. 107.
[210] Quoted *ibid.*, pp. 107-108.
[211] Magda Boguszakova and Ivan Gabal, "The Czech Republic," in Richard Smoke (ed.), *Perceptions of Security. Public Opinion and Expert Assessment in Europe's New Democracies*, (Manchester: Manchester University Press, 1996), p. 66.
[212] *Ibid*, p. 70.
[213] Miloslav Had and Valdimir Handl, "The Czech Republic," in Richard Smoke (ed.), *Perceptions of Security. Public Opinion and Expert Assessment in Europe's New Democracies*, (Manchester: Manchester University Press, 1996), p. 140.

Russia, and this increased to 51 percent in 1996.[214] In Hungary, by contrast, only 13 percent of those polled felt threatened by Russia in 1992, and 30 percent in 1996.[215]

The Czech leadership often took the moral high ground on the Chechen issue, criticizing Russia for using armed forces against its own people. In May 1995 Vaclav Havel protested to the Russian ambassador that servicemen who had fought in Chechnya took part in the 9 May Red Square World War Victory parade.[216] The Russian media called the incident 'a storm in a teacup', and the Russian Defence and Interior Ministries denied the story. The incident provoked some commentary in *Rossiyskaya gazeta* on the state of Russian-Czech relations, which noted that by May 1995 the Czech parliament had still not ratified the bilateral Treaty on Friendly Relations and Cooperation, whereas the Russian Duma had done so in July 1994.[217] Bilateral political relations were further damaged when only two out of seven members of the Czech delegation to the Parliamentary Assembly of the Council of Europe (PACE) voted in favour of Russia's joining the Council.[218] This deterioration in bilateral relations went as far as to cause concern among Czech politicians. The Czech Prime Minister, Vaclav Klaus, declared in May 1996, "It is necessary to build rational, wise and equal relations with Russia." Those who preferred to distance the country further from Russia, in his opinion, were making a big mistake.[219]

Top-level contacts between Russia and the Czech Republic during 1994-1997 were extremely infrequent. Of course, frequent official visits can easily become a triumph of process over

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[214] Christian Haerpfer, Claire Wallace and Richard Rose, *Public Perceptions of Threats to Security in Post-Communist Europe*, SPP 293, (Glasgow: Centre for the Study of Public Policy, University of Strathclyde, 1997), p. 7.
[215] *Ibid*, p. 6.
[216] *Rossiyskaya gazeta*, 30 May 1995, p.7, (FBIS-SOV-95-104).
[217] *Ibid*. The Czech Republic did finally ratify the treaty in September 1995.
[218] See Kopytina "Rossiya-Chekhiya" (1997), p. 108. Russia was still voted to become a member of the Council of Europe.
[219] *Pul's planety*, ITAR-TASS, 8 May 1996, quoted *ibid*.

substance. However, in this case one cannot interpret the dearth of contacts as a sign of benign neglect. There was a complete and fundamental divergence of political and geo-strategic views. Russia's foreign and security policy of the day, bent on projecting a 'great power' image, concentrated on sorting out geopolitical challenges with those whom it saw as 'equal'. Moscow often snubbed Prague for its excessive pro-Westernism and scaled down relations to what was needed for restructuring Soviet-era debts, very reluctantly at that.[220] Further attempts to give Russian-Czech relations a degree of normality failed to bear any fruit. Writing in the Czech daily *Lidove noviny*, Czech Foreign Minister Josef Zieleniec argued on the eve of a visit to Moscow in March 1996:

> [the Czech authorities aim] to develop good and intensive relations with the East, [...]but we want to develop them as a firm part of the West. ...we maintain pragmatic working relations with the Russian Federation, which certainly is for the Czech Republic by far the most important country in this region. At the same time, we keep constantly in mind that these must be relations between two independent sovereign states, symmetrical and equal relations. Therefore, a certain easily understandable caution can be detected on our part. [...] Our joining NATO is an issue that can be subject to discussion only between NATO and ourselves. On the other hand, we consider it a matter of fact that Russia cannot be ignored when forming a security system in Europe and the world.[221]

The visit to Moscow did not produce any breakthrough on reconciling the two sides' views on NATO enlargement. On the contrary, even more problems followed. On 16 March 1997, Nikolai Ryabov, Russian Ambassador to the Czech Republic, stated in a TV interview that Czech membership of NATO could have a negative impact on Russian deliveries of gas and nuclear technology. Ryabov declared that "prospective membership is already causing problems for the

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[220] Vaclav Klaus visited Moscow in June 1994 keen to settle USD 3.5 billion of Russian debt to the Czech Republic. Unlike Hungary, the Czechs refused to swap Russian debt for military goods as Russia proposed. The two sides agreed on a schedule of debt repayments to be completed by 2003, by paying in hard currency on the terms of the Paris Club, as well as by shipment of Russian goods and raw materials in part payment of the debt. See *Izvestia*, 10 June 1994, p. 3. See also Kopytina (1997), pp. 113-114.

[221] *Lidove noviny*, 9 February 1996, (FBIS-EEU-96-034).

future between our countries."[222] The statement provoked an unprecedented stream of commentary from the Czech authorities. The Czech Prime-Minister Vaclav Klaus stated that unless the Russian government disassociated itself from the remark the Czech Republic's resolve to join NATO would only strengthen.[223] Czech Industry Minister Vladimir Dlouhy warned Moscow that the Czech Republic was an important transit country for Russian natural gas,[224] and President Havel declared that his country was prepared to stop using Russian gas entirely and to buy Norwegian gas instead.[225] Needless to say, the prospect unnerved Gazprom – at the time Russia's gas monopoly was contracted to supply the Czech Republic with nearly 88 percent of its gas requirements.[226] *Nezavisimaya gazeta* commented that Russian economic interests were suffering in the Czech Republic, and everywhere else in Central Europe, thanks to its own government and 'amateur' diplomats like Ryabov. The paper argued that Russia needed to 'activate' its CE policy not only in response to NATO enlargement, but also because of the way in which Russian economic interests were being challenged in the region.[227]

Within a month, on 20-22 April 1997, Russian Premier Viktor Chernomyrdin visited the Czech Republic, at, in the words of Prime Minister Klaus, a "charged political moment".[228] When the question of NATO enlargement was brought up during the visit, the two leaders of the governments chose to "keep to their positions". It would be difficult to imagine any other outcome, as Russia was not offering anything radically different and the Czech Republic was not prepared to accept anything that would preclude full membership of NATO. Earlier, when Russian Foreign Minister Primakov had suggested that the countries of CE only join NATO's

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[222] Jolyon Naegele, "Czech Republic: Norvegian Gas Deal Final Step in Energy Independence," *RFE/RL*, 20 March 1997, http://www.rferl.org
[223] Jolyon Naegele, "Czech Republic/Russia: Ambassador Draws Ire in Prague and Abroad," *RFE/RL*, 19 March 1997, http://www.rferl.org
[224] *Ibid.*
[225] *Izvestia*, 21 March 1997, p. 1.
[226] Jolyon Naegele, 20 March 1997
[227] *Nezavisimaya gazeta*, 25 March 1997, p. 1.
[228] *Segodnya*, 23 April 1997, p. 3.

political and military structures the Czech Republic, as well as all other aspiring member-states rejected the idea.[229] However, Chernomyrdin's visit was important in itself: it brought about a certain 'thaw' in bilateral relations and introduced a degree of stability and manageability.

Russia-Slovakia

Under the second premiership of Vladimir Meciar (1994-1998) Slovakia became known as 'Belarus on the Danube'.[230]Although Meciar did not go to the same length in forging close ties with Moscow as did Minsk, Bratislava's record of creating an extensive economic and political relationship with Moscow between 1994 to 1997 gave sufficient reason for the West and Slovakia's neighbours to doubt the seriousness of its aspirations to join NATO and the EU. Moscow took full advantage of the favourable situation by establishing a framework of bilateral agreements that would serve its interests. Russia's ties with Slovakia were portrayed in Moscow as an example of what relations with other states in the region could be like if it were not for anti-Russian prejudice.

Slovakia's relations with Russia remained a low priority throughout 1994 during the short-lived government of Josef Moravcik (March-December 1994). However, from December 1994 the new coalition government of Vladimir Meciar, even as it reiterated the continuity of the country's strategic choice - gaining membership of the EU, NATO and the WEU - intensified relations with Moscow. Slovakia was amongst the first states of the former Warsaw Pact to join the PfP in February 1994, and lodged an official application to join the EU in June 1995. In its 1995 programme the Slovak government stated that it would continue to work towards membership in

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[229] *Lidove noviny*, 23 March 1996, p. 3, (FBIS-EEU-96-060).
[230] Many observers in Slovakia and abroad likened his leadership and policies to those of President Aleksandr Lukashenka of Belarus, who is known for his dubious political practices at home and increasingly close ties with Russia.

NATO and the EU.[231] Yet in December 1995 Foreign Minister Schenk argued that along with NATO, the EC and the WEU, an important role in the European security system should be given to institutions that might be created by the CIS. While arguing that Slovakia's path towards security lay through membership of NATO and the WEU, Meciar stated that the process of joining NATO should take into account the position of Russia, which remained an important factor in international relations.[232] Bratislava's 'balanced' policy led to a *rapprochement* with Moscow unparalleled in the CE region. Prime Minister Chernomyrdin's visit to Slovakia, the country which the Russian Prime Minister described as "friendly, close and dear to us exceeded all expectations", according to *Rossiyskaya gazeta*, and "created a pattern for new interstate relations" for the countries of the region.[233] Although the main focus of the visit was economic, the agreements that were reached had serious political implications, both from the point of view of increasing Russia's influence in the country, and the future positioning of Slovakia with respect to the rest of Europe.[234] When Russia's newly appointed Foreign Minister Primakov flew to Bratislava in February 1996, Slovakia's Foreign Minister Juraj Schenk stated that his country would continue to strive for "full integration in western structures".[235] By then, however, it became increasingly clear that Slovakia would be the least likely candidate to join NATO in the first wave of enlargement. Close ties with Russia and its poor human rights record were widely perceived as the main reasons for Slovakia's exclusion.

Slovak officials defended their country's position and ties with Moscow by noting that "the West

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[231] M. Kopytina, "Rossiya-Slovakia" in *Rossiya i Tsentral'no-Vostochnaya Evropa v Pervoi Polovine 90-kh Godov. Chast' II - Dvustoronniye Otnosheniya*, ed. by Igor Orlik, Svetlana Glinkina, Boris Shmelev (Moscow: IMEPI RAN, 1997), p. 128.

[232] Kopytina, "Rossiya-Slovakia" (1997), p. 130.

[233] *Rossiyskaya gazeta*, 16 February 1995, pp.1, 6. (FBIS-SOV-95-033).

[234] The range of agreements varied from settling outstanding Russian debt to the Slovak Republic with shipments of arms and gas, to joint production of military equipment and a establishing joint Russian-Slovak bank to fund both countries' entrepreneurs. Moscow also extended to Slovakia a credit of USD 150 million for the completion of the construction of the Mochovce nuclear power plant, and a provision to establish a free economic zone between Russia and Slovakia *Ibid.*

[235] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 2, Issue 44, 1 March 1996, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/002/044_008.htm

demands that the countries interested in NATO membership have normal relations with Russia: we are following this line. This is a contribution to achieving economic, political, and security stability in Europe."[236] Yet many observers commented that statements made by Prime Minister Meciar suggested that he had ceased counting on the Slovak Republic's rapid admission to NATO by mid-1996.[237] Attention was drawn by Meciar's statement that if the West turned its back to Slovakia, then Slovakia would have to look for understanding in the East.[238]

Some officials from the Meciar coalition government and the left-wing opposition party (the Communist Party of Slovakia) even started to explore the possibility of Slovakia adopting neutrality. When an official delegation of the Slovak government held talks in Moscow in early May 1996, Jana Cerny, Meciar's advisor, stated that a one-sided orientation to the West was too big a risk for Slovakia.[239] Peter Stanek, another government advisor, also present, offered to create a joint Russian-Slovak corporation which would modernise Soviet-made armaments. Stanek suggested that other CE states like Poland and the Czech Republic could take part. *Nezavisimaya gazeta* speculated that Slovakia was prepared to bargain with Moscow over its membership of the Alliance in order to secure its economic interests, one of the reasons being that in its trade with Russia Slovakia showed a constant significant negative balance.[240] Such a negative balance significantly affected Slovakia's current accounts, resulting in a balance of payments deficit and undermining its ability to service sovereign debts. For Russia, Slovakia's negative image in the West and the growing likelihood that it would not be amongst the first to join NATO gave an opportunity to signal to the West that if NATO expanded then Russia would use everything at its disposal to counter-balance the alliance and to re-establish a sphere of

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[236] *Narodna obroda*, 17 December 1996, p. 9. (FBIS-EEU-96-224).
[237] *Ibid.*
[238] *Nezavisimaya gazeta*, 29 April 1997, p. 2. The paper claimed that the statement was made some time in the past. No clear indication of the date was given.
[239] *Nezavisimaya gazeta*, 8 May 1996.
[240] *Ibid.*

influence. The Meciar government, in the face of domestic opposition, sought political support in Moscow by entering into long-term and not always equal deals with it. The trust it demonstrated towards Russia, was not reflected, however, among a majority of the Slovak population. Quite the opposite. According to one study, compared to 1992, when 26 percent of Slovaks felt threatened by Russia, by 1996 51 percent did so, a figure almost as high as that for the Czech Republic – 55 percent, but significantly higher than Hungary – 30 percent.[241]

Despite the growing opposition in the country, the Slovak government continued to enter into agreements with Russia. On 28th April 1997 Chernomyrdin visited Slovakia again. The Russian official press called Slovakia "Russia's number one partner in Central Europe".[242] By 1997 one analyst and an authority on Slovak relations with Russia Alexander Duleba counted over 130 bilateral agreements signed since Slovakia's independence in January 1993, against an officially reported 80.[243] According to Duleba, Russian-Slovak relations under Meciar were based on personal rather than national interests and could harm Slovakia's national interests simply because the two states were unequal partners. They would result simply in a one-sided dependence on Russia. Due to its ever closer relations with Russia, he argued, the Meciar government was both unwilling and unable to lead Slovakia into NATO.[244] In April 1997, when it had become apparent that Slovakia was not going to be among the first wave of NATO enlargement, Chernomyrdin stated that Russia was prepared to support Slovakia's neutral status and repeated an offer made earlier by the Russian ambassador to the Slovak Republic Sergey Zotov to guarantee the country's neutral status.[245] As a commentary in the Russian daily

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[241] Christian Haerpfer, Claire Wallace and Richard Rose, *Public Perceptions of Threats to Security in Post-Communist Europe*, p. 7.
[242] *Rossiyskaya gazeta*, 30 April 1997, p. 2. (FBIS-SOV-97-120)
[243] Jolyon Naegele, "Slovakia: Ties to Moscow Strengthen; Relations with Brussels Strained," *RFE/RL*, 22 May 1997, http://www.rferl.org
[244] *Ibid.*
[245] *Nezavisimaya gazeta*, 29 April 1997, p. 2; "Slovak-Russian Ties Threaten Expansion of NATO, " *Stratfor Global Intelligence Unit*, 30 April 1997, http://www.stratfor.com/services/giu/043097.asp

Segodnya noted at the time, "As long as the Meciar government is in power, there is no need to worry about Russian-Slovak friendship."[246]

With membership of NATO off the immediate agenda, the Russian military-industrial complex was set to benefit even further from Slovak arms procurement decisions. During a visit to Moscow on 5th December 1997, a State Secretary from the Slovak Ministry of Defence announced Slovakia's intention to make Russian MiG29s the backbone of the country's air force.[247] He also revealed that Bratislava planned to modernise older fighters and buy multipurpose SU-30 fighters to replace the air force's existing SU-22s.[248] In addition, Slovakia expressed the desire to buy Russian Ka-50 helicopters and continued talks with Moscow to acquire the S-300 PMU-1 rocket system, with all purchases to be financed by deductions from the Russian debt to Slovakia.[249] The intensity and depth of Russian-Slovak bilateral relations in the period under discussion was unprecedented, and unique for the region. Although the situation reflected the preferences of Meciar and his group rather than of the population as a whole, Moscow could not hide its satisfaction. Ambassador to Slovakia Sergey Zotov commented that Russia had never had such good cooperation with any of the Eastern European countries.[250]

Russia's political ties with Slovakia, which had a pronounced economic dimension, increased Slovakia's dependence on Russia and cast doubt on Slovakia's pro-Western credentials, a development mainly due to the activities of Slovak internal political forces. Moscow supporters represented a very powerful lobby in Slovakia, both politically and economically.[251] Meciar's Movement for Democratic Slovakia became the richest of all Parties as a result of a "controlled"

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[246] *Segodnya*, 11 October 1997, p. 6.
[247] *Kommersant-Daily*, 6 December 1997, p. 3.
[248] *Ibid.*
[249] TASR, 5 December 1997, (FBIS-EEU-97-339).
[250] TASR, 19 November 1997. (FBIS-97-324).
[251] Henry Platek-Zyberk, "How Stable is Central Europe?" Conflict Studies Research Centre. 1998, http://www.ppc.pims.org/csrc/G66ver2_hpz.htm

privatisation, which left almost 80 percent of the privatised sector in the hands of Meciar supporters.[252] Russian policy towards Slovakia, on the other hand, was more reactive than pro-active and was based on personal ties between the two leaderships. Various structural problems that the Slovak Republic inherited after the separation from the Czech Republic encouraged it to seek closer ties with Russia. Slovakia had to build its armed forces almost from scratch, which required substantial spending that the country could ill afford, especially in the light of re-orientation to the West and the need for interoperability with NATO armed forces. Slovakia's disproportionately large military-industrial complex was at a virtual standstill, adding to unemployment and generating social backlash. All these factors coupled with the offer of Russian military equipment as part payment of Moscow's large debt, Meciar's pro-Moscow stance and the dubious practices of his government, to which Moscow was willing to turn a blind eye, were the basis for close relations between the two states. Slovakia's growing dependence on Russia, therefore, should be seen more as an anomaly favourable to Moscow. As later developments will demonstrate, the situation changed with the departure of the Meciar coalition government. However, what Moscow managed to achieve under the favourable conditions of the Meciar government allowed it to resolve a number of outstanding problems in bilateral relations. Slovakia's agreement to accept Russian military equipment and other special deliveries (e.g. civilian aircraft) as a form of debt repayment, not only allowed Russia to reduce its debt quickly, but also laid the basis for further economic involvement in Slovakia through servicing, upgrading and supply of spare parts for exported equipment. Ensuring that Russia remained a major supplier of gas to Slovakia, through the signing of a long-term contract and establishing a joint venture, was another important victory for Moscow (see Chapter 4).

The fact that Slovakia was not among the first CE states to be invited to join NATO was

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[252] *Ibid.*

welcomed in Moscow. However, the fact that one of the key reasons for its exclusion, as understood by the Slovak opposition, was close ties with Russia and increased dependence on it, meant that relations between the two states were not as stable and predictable as one might expect. Such a state of affairs was only certain to last as long as Meciar and his party controlled the government.

The discussion which follows focuses on the development of relations between Russia and the CE states in the changed political situation during the last two years of the Yeltsin presidency.

Russian National Security and Central Europe – 1998-1999

The end of 1997 and beginning of 1998 marked the start of a new period both in the history of Russia's post-Soviet development and in that of post-Cold War Europe as a whole. In July 1997 an important decision was taken on the enlargement of NATO, and three of the four Visegrad states were invited to join the alliance. Russia grudgingly accepted the inevitability of NATO moving closer to its borders and negotiated a face-saving Founding Act with the alliance. In Russia's internal development, 1998 became a year of mounting political and economic crisis, further weakening liberal and pro-Western politicians and generally damaging Russia's international standing. The crisis, political instability and frequent changes of government in Russia equally affected the development of policy and relations with the four Visegrad states. The actual joining of NATO by the three states, the adoption of the new NATO Strategic Doctrine, events around Kosovo in the spring and summer of 1999, and Russia's second Chechen War launched in August 1999 could not but negatively affect Russia's position vis-à-vis the CE states and NATO, Europe and the West as a whole. These factors and events provide the background and wider framework, which any analysis of Russia's policy towards Poland, Hungary, Slovakia and the Czech Republic has to take into account.

Relationships that had been marred by various problems in the preceding years became even more problematic in 1998-99. As aspiring NATO members, Poland, Hungary and the Czech Republic, as well as Slovakia (with its new pro-Western government) were seen in Moscow as anti-Russian. In the words of the Russian First Deputy Foreign Minister Avdeyev, these states appeared to be trying to emphasise their pro-Western orientation and marking their distance from Russia.[253] *Izvestia* captured the prevailing view of the region among the Russian elite when it claimed that CE wanted to be seen as 'a better Catholic than the Pope'.[254]

Exacerbated by the events described above, Russia's relations with the CE states between 1998 and 1999 continued to be politically highly charged. The anticipation that relations between the two sides would improve with the CE states' eventual admission to NATO proved to be wrong, in large part due to NATO's campaign in Kosovo, which Russia categorized as an act of aggression against a sovereign state. In the words of one anti-Western and 'pragmatically' minded analyst Andrei Fedorov, "The war against Yugoslavia has done Russia at least one favor: many people, including those placed high enough, grew disappointed with the West as a strategic partner… .The Yugoslav crisis put an end to our somewhat romantic attitude to NATO and our recent urgent desire to regard the alliance as a partner rather than a potential danger."[255] Of course, Russia's romantic view of NATO had been a thing of the past for a long time. What the Kosovo crisis did, however, was to bring to the surface a degree of frustration on Moscow's part at the West's disregard of its 'great power' rhetoric. Russia's angry reaction to NATO's actions in Kosovo reflected not so much its support for Milosevic and the Serbs in the conflict as a cruel realisation of its diminished influence in Europe. The Balkan conflict that came on the heels of

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[253] *RosBiznesKonsulting – Novosti*, 13.06.2000, Moscow, 13:09:10, <http://www.rbc.ru>, accessed 13 June 2000.
[254] *Izvestia*, 14 February 1998.
[255] A. Fedorov, "New Pragmatism of Russia's Foreign Policy," *International Affairs*, Vol. 45, No. 5, 1999, Moscow, pp. 47, 51.

NATO enlargement only added insult to injury, leading to a predictable, yet unproductive, freezing of relations with NATO. Poland, Hungary and the Czech Republic's support of the conflict, as the new members of the alliance, signalled another period of difficulties in relations with Moscow.

Russia-Poland

Russia's relations with Poland in the period 1998-1999 developed generally along similar lines to previous years, but was enriched and supplemented by events within and outside the two states. The legacy of the past and mutual perceptions continued to exercise significant influence on their actions. In Poland, for example, the persistent view of Russia was clearly articulated by the Polish Foreign Minister in his annual speech to the Sejm on the basic direction of the Polish foreign policy in 1998. Bronislaw Geremek stated, "Good-neighbourly relations with the Russian Federation… are permanent elements of our approach to Eastern Europe." However, Geremek went on to complain, "We cannot fail to notice that from time to time there are tendencies in Russian policy to treat Poland and other countries of the area as things to be used."[256] Although this was true to a degree, it was also true that official Polish foreign policy, despite the stated desire to have dynamic and friendly relations with Moscow, often continued to be a hostage to domestic political struggles between left and right. This was commented on in a statement in 2001 by Leszek Miller, chairman of the Democratic Left Alliance (SLD) of Poland:

> There is a trend in Poland… toward expressing a belief that in our relations with Russia we have a certain mission to complete. This reportedly stems from our alleged cultural and economic superiority and from religious reasons. This is disastrous. It leads to the deterioration of relations with Russia and to losing the asset, with respect to EU countries, as a country with better relations with the East than they have.[257]

Miller attributed frictions between Poland and Russia to two further factors. First, the Polish

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[256] "Poland's Foreign Minister Addresses Sejm on Policy", *Warsaw PAP*, 9 March 1998, (FBIS-EEU-98-068).
[257] "Does Brussels Want Us?" *The Polish Voice*, No 7, March 2001, <http://www.thepolishvoice.pl/Mar01/PV00.html> accessed 22 August 2001.

right, which is anti-communist and anti-Soviet, brings memories of past actions to the present day and becomes anti-Russian. On the other hand the left fears that if it goes too far in warming relations with Russia it will be accused of continuing the dependence on Russia that existed under the Polish People's Republic. In this context, neither side wants to start a new dialogue with the Russians. Many in Poland had hoped that with their country joining NATO, relations between Warsaw and Moscow would improve. Polish President Kwasniewski expressed the view that Poland's membership of NATO would enable his country to have relations with Russia similar to those of the rest of the North Atlantic Alliance.[258] One of Poland's leading experts on Russia, Agnieszka Magdziak-Miszewska, argued that "the more we [Poland] are in the West, the more open we are to the East; NATO membership is not a retreat from the East or Russia. It is a way out of the geopolitical trap of our geopolitical location between Russia and Germany. A Poland that is stable and secure is open for a dialogue with Russia."[259]

In Russia, media commentators and state, political and public figures often reacted in a highly emotional and provocative way to problems in Russian-Polish relations in the period, often criticising the Polish side and its policies.[260] Such an approach undoubtedly provoked a circle of accusations, taking bilateral relations on a political level from one 'mini-crisis' to another, sustaining a chilly atmosphere.

In Russia the mainstream academics, politicians and military figures did not react positively to Poland's accession to NATO. In their view NATO continued to be a primarily military alliance whose main mission was collective defence from external threat. In Moscow's opinion, the only

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[258] *Pul's Planety*, 23 March 1999, quoted in Nikolai Bukharin "Rossiisko-Pol'skie otnosheniya," in *Rossiya i Tsentral'no-Vostochnaya Evropa: vzaimootnosheniya v kontse XX veka*, (Moscow: IMEPI RAN, 1999), p. 66.
[259] Quoted in Nikolai Bukharin "Rossiisko-Pol'skie otnosheniya", 1999, p. 66.
[260] See for instance a selection of articles during the period: "Razvorot na 180 gradusov," *NVO – Nezavisimaya gazeta*, No 4, 30 January 1998; "Rossiya v prave ozhidat' izvinenii ot Varshavy," *NVO – Nezavisimaya gazeta*, No 25, 2 July 1999; "Pol'sha tol'ko dlya 'Belykh'," *Nezavisimaya gazeta*, 16 September 1999; "Khamstvo po-pol'ski,", *Nezavisimaya gazeta*, 25 February 2000.

possible 'threat' that could justify the existence of NATO and its expansion was the hypothetical one emanating from Russia. In such a perspective, Poland's or any other CE state's incorporation into NATO was clearly an unfriendly step. Regretting the *fait accompli* of the enlargement, and the loss of even a remote possibility of regaining a sphere of influence in the region, General Leonid Ivashov, Chief of the International Cooperation Department of the Russian Defence Ministry, commented that by joining NATO the CE states had lost their freedom of manoeuvre, "as NATO is a military regime, even in political questions".[261] Such a perspective left little hope for improvements in relations between Poland and Russia.

Russia's preoccupation with internal problems and its concentration on battling around 'big issues' with 'big players' left no room for a creative and pro-active approach towards the CE states. Apart from the general cooling of relations, the instability in Russia had a bad effect on bilateral relations and on perceptions of Russia in Poland.[262] However, Polish President Kwasniewski, generally more pro-Russian and open to compromise than Poland's right wing government led by Jerzy Buzek from 1997 onwards, was keen to give a boost to bilateral relations between the two states. Kwasniewski arranged a private visit to Russia and a meeting with President Yeltsin in June 1998, receiving an assurance that Yeltsin would pay an official visit to Warsaw later that year. It was important for the future of Russian-Polish relations and also for Kwasniewski's voters that the agreement was reached on building a memorial to the Polish soldiers executed at Katyn.[263] However, on the issue of NATO both sides stuck to their positions. Kwasniewski, while pointing out that "Polish membership of NATO is an irreversible fact," noted that "being in NATO does not mean being opposed to Russia. We are neighbours,

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[261] *Nezavisimaya gazeta*, 5 June 1999.
[262] Political developments within Russia – the financial crisis of August 1998, frequent changes in the Russian government and Yeltsin's poor health became 'physical' obstacles that prevented the development of relations.
[263] *Novye Izvestia*, 30 June 1998.

and therefore intend to develop friendly relations."[264] And perhaps to put the record straight and prevent any illusions amongst Russian diplomats, Kwasniewski asserted that rapprochement with Moscow would not be allowed to damage in any way Warsaw's relations with the West.[265]

However, the "breakthrough" in bilateral relations that Kwasniewski had hoped for did not follow. Yeltsin cancelled his visit to Warsaw scheduled for December 1998 due to health problems. Visits by Russian Premier Primakov planned for April 1999 and later by Primakov's successor Stepashin also did not take place because of 'the complicated situation in Russia'. On the contrary, Poland's eventual entry to NATO and the start of what Moscow called 'NATO's aggression against sovereign Yugoslavia' in March 1999 ushered in a new chill. With the start of the bombing Russia announced it was freezing relations with NATO. Poland's active support of NATO actions in Yugoslavia meant that bilateral relations suffered. In addition, Russia reacted negatively to Warsaw's aspirations to act as a spokesman for Ukraine's interests in Europe and its support for the aspirations of Lithuania, Latvia and Estonia to NATO membership.[266] Russian officials once again chose to put themselves in a corner by issuing threats that the border of the former Soviet Union was a 'red line' beyond which Russia would not tolerate further NATO expansion and that Moscow would have to reappraise its relations with the alliance.[267] Moscow called on Warsaw 'to speak in NATO in its own voice' rather than be a 'Trojan horse' for American interests in the region.[268]

Russia's policy with respect to integration with Belarus continued to cause tension between Warsaw and Moscow. Poland preferred Belarus to be more Western, and would have liked to

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[264] *Rossiyskaya gazeta*, 2 July 1998.
[265] *Ibid.*
[266] *PAP*, 17 February 1999, (FBIS-EEU-1999-0218).
[267] *AFP*, 7 February 1999.
[268] *Polityka*, 18 September 1999, pp. 20-22, (FBIS-EEU-1999-0920).

establish a strategic partnership with Belarus, bringing it closer to Western structures.[269] In Poland, according to Agnieszka Magdziak-Miszewska, close relations between Moscow and Minsk were interpreted as an outcome of Russia's neo-imperial policy. In view of the nature of Lukashenka's regime, declarations about such integration being freely chosen by Belarus are doubtful.[270] At the same time, she argued, Poland's strategic partnership with Ukraine was seen in Moscow as an attempt by Poland to re-establish a buffer line between Russia and Europe. Russia views Poland's support for the Baltic states' membership in NATO in the same light.[271] For their part, Russian political analysts and officials demonstrated their lack of understanding of the complexity of the arrangements and procedures undertaken by Poland and other Visegrad states in order to advance towards membership in the EU, a step to which Russia, on the official level, did not express any objections. Burdens of distrust and the more recent past continued to inform Russia's perception of Poland. Russia reacted angrily to the introduction by Poland of stricter border-crossing rules and visas for Russian and Belarussian citizens in January 1998, and of some further regulations in January 1999. One Russian commentator called the move 'overzealous loyalty to the EU' (*vernopoddanicheskaya pozitsiya*).[272] In most cases, compliance with the EU *acquis communautaire* – a strict checklist of readiness for joining the Union – is not a matter of bargaining but a measure of readiness to take on the responsibilities and functions of EU membership. Nevertheless, Russian officials interpreted the move as anti-Russian and hasty. Had the Russian side been better informed of the developments and procedures of the EU enlargement process and therefore possessed a clearer picture of possible implications for Russia's relations with the candidate states, many misunderstandings could easily have been avoided. Quite typically, Moscow took a persistent view that all questions of EU, as well as

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[269] *Ibid.*
[270] *Dipkur'er – Nezavisimaya gazeta*, No. 9, 18 May 2000.
[271] *Ibid.*
[272] Bukharin, 1999, p. 68. One of the pre-requisites for all candidates for EU membership is to comply with the Schengen agreement on EU external border control. This means the imposition of stricter border controls with non-EU neighbour states.

NATO enlargement should be resolved with Brussels, rather than with the CE states' capitals, thus closing a door to compromise.

A similar unconstructively critical attitude to Poland was in evidence in Russia in the aftermath of the expulsion of 15 Russian businessmen from Poland in March 1999 for allegedly 'conducting incompatible activities'. The Russian government daily newspaper *Rossiyskaya gazeta* published an article entitled "NATO Recruits, Right Dress Front!" asserting that the expulsion was a display of Warsaw's loyalty to NATO on the eve of joining the organisation. The paper did not miss an opportunity to quote the Polish press as saying that "a state that should become an alienable part of Western structures cannot remain Russia's wild frontier".[273] The 'spy mania' which continued to be a central feature of the Russian-Polish media war, became an important factor in bilateral relations.

With the changes which occurred in Russia surrounding the early 2000 election of the new President, Russian foreign policy and national security thinking underwent important readjustments. These changes had a direct impact on Russia's relations with the CE states and Poland in particular. The development of Russian-Polish ties in the hard security realm from 2000 will be looked at in the next section.

Russia-Hungary

If the pattern of Russia's relations with Poland in 1998-99 was one of relations often reaching a 'danger mark', the pattern of Russia's relations with Hungary, on the other hand, was what Hungarian observer Poti Laslo called a 'third way'. Balancing between the two extremes, Hungary, unlike Poland, avoided long-lasting confrontations with Russia, yet, unlike Slovakia, it

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[273] *Rossiyskaya gazeta*, 12 March 1999. See also *Vremia-MN*, 3 March 1999 and 12 March 1999.

was not too eager to develop special relations with Russia.[274] This model of relations continued to be in place between 1998 and 1999. However, various developments, as just described in the case of Poland, did leave their mark on Russian-Hungarian relations. First of all, the final stages of Hungary's entry into NATO left their mark on the bilateral political environment. Second, the financial crisis in Russia in August 1998 significantly affected bilateral trade and economic relations. Third, parliamentary elections in Hungary and the change of government in May-June 1998 with the accession to power of the right-wing coalition government of Viktor Orban had their effects. The fourth factor that affected bilateral relations was the frequent change of governments in Russia. And finally, the Kosovo crisis and the position that Hungary took during it brought relations with Russia at one point to a crisis level. These factors had a negative impact on various levels.

Russian Foreign Minister Primakov's visit to Budapest in February 1998 was the last before problems began to develop. He stated that despite the evident desire of Hungary to join European structures, Moscow believed that a "Russian direction" was still very important for Hungary.[275] It is worth recalling that during the whole period leading up to Hungary's invitation to join NATO, Hungary had always emphasised the importance of good relations with Russia and the impossibility of building a security system in Europe without Russia's participation. Primakov told the Hungarian authorities that Moscow counted on Hungary to do everything possible to prevent the emergence of new dividing lines in Europe and "any new threats to Russia ensuing from a departure from the main provisions of the Founding Act on Mutual Relations, Cooperation and Security between NATO and the Russia".[276] Primakov further expressed his belief that 'the attitude of new NATO member states towards these problems will certainly play

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[274] Poti Laslo, "Otnosheniya Rossii s Evropoi v XIX veke," *Natsional'nye interesy*, No. 4(5), 1999, p. 52.
[275] *ITAR-TASS*, 19 February 1998, (FBIS-SOV-98-050).
[276] *Ibid.*

an important role in our relations with them".[277] These statements were evidence of Russia's final acceptance of the CE states' membership of NATO, which Moscow had spent so much time fighting against. However, Primakov did not fail to note that Russia's stand on NATO enlargement remained negative, and that any further enlargement, especially to include any former Soviet republics, was "absolutely unacceptable to us".[278]

However, Russia's unrelenting expression of concerns about NATO enlargement was interpreted in Hungary as the persistence of old attitudes. As Hungary's ambassador to Russia Nanovsky commented, "in Russia, old ways of thinking and the habits of seeing NATO as an 'aggressive anti-Soviet bloc' are still very strong. We are confident that life, common sense and experience will change this outdated perception."[279] Ironically, weeks after the visit of Hungary's State Secretary Herman to Russia, where he and Russia's Deputy Foreign Minister Avdeyev expressed their "satisfaction with the pragmatic and adequate character of bilateral relations, and the absence of serious irritants",[280] the war in Kosovo broke out. Moscow reacted angrily to the steps that Hungary took to demonstrate its "faithfulness to the new allies at the expense of relations with Russia."[281] When a Russian and Belorussian humanitarian convoy bound for Serbia was detained at the Ukrainian-Hungarian border Moscow recalled its ambassador and postponed the Hungarian Foreign Minister Janos Martonyi's visit to Russia.[282]

Russia interpreted Hungary's decision to allow US air forces to be deployed on its territory on the aerodromes built by the Soviet Union as a hostile act. More significantly, it saw the step as "inconsistent with a key clause in the Russian-NATO Founding Act". The MFA noted that

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[277] *Interfax*, 18 February 1998, (FBIS-SOV-98-050).
[278] *Ibid.*
[279] *Nezavisimaya gazeta*, 7 July 1998.
[280] *Diplomaticheskiy vestnik*, No. 3 March 1999, p. 34.
[281] M. Usiyevich, "Rossiysko-Vengerskie Otnosheniya," in *Rossiya i Tsentral'no-Vostochnaya Evropa: vzaimootnosheniya v kontse XX veka*, (Moscow: IMEPI RAN, 1999), p. 51.
[282] *Interfax*, 21 April 1999, (FBIS-SOV-1999-0421).

> temporary reinforcement in the territory of the alliance's new members is possible for protection against the threat of aggression and for maintaining peace in accordance with the U.N. rules and OSCE principles... .NATO's operation against Yugoslavia does not correspond to a single one of the aforementioned requirements.[283]

In addition to this, the Hungarian authorities refused to open their airspace to the passage of planes carrying Russian peacekeeping troops to Kosovo – a step that Moscow interpreted as being taken on Washington's recommendation. Darchiev, a long-time Consul at the Russian embassy in Budapest, argued: "New dividing lines are being created on the continent and Hungary is given the dangerous role of a buffer outpost in the Balkans."[284] Geopolitical and geostrategic categories began to play a more important role in Russia's perception of Hungary in the region. As a result of the Kosovo conflict, Hungary became quite an important player in the Balkan region and, by default, in Russia's calculations of its interests in South-Eastern Europe. With Hungary's accession to NATO, it became a more confident actor in the region, but it also had to act within the boundaries set by the alliance. The crisis in Kosovo became the first test both for the new NATO members, and for Russia in dealing with the enlarged NATO and its new members in a crisis situation. As we have seen, incompatibility of interests and views on how the conflict could be resolved soured relations not only between Russia and NATO, but also between Moscow and the new NATO member states.

The Hungarian authorities reacted calmly to most of Russia's protestations and the recalling of its ambassador. Soon after the end of hostilities in Kosovo, Moscow and Budapest restored normality, avoiding any protracted chill in relations. A recent past that was notable for the absence of any major crisis in bilateral relations perhaps allowed Russia and Hungary to avoid any deterioration. Hungarian Foreign Minister Janos Martonyi, who visited Russia on 28th November 1999, emphasised that

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283 *Interfax*, 3 June 1999, (FBIS-SOV-1999-0603).
284 *Obschaya gazeta*, 11-17 March 1999.

> Hungarians do not have hostile intentions toward Russia and the Russians... our entry into NATO is not directed against Russia... Russia plays a very substantial role in the creation of the European security architecture. Without Russia, as the Balkan crisis proved yet again, it is impossible to safeguard security on the European continent.[285]

Given the general emotionally charged atmosphere at the time, it was perhaps hardly surprising that Russia would take deep offence at Budapest's actions. More significantly, the incident proved to be an important lesson and another reality check for Moscow that highlighted the changed geopolitical situation in the region where its former clients were no longer under its control. However, the traditionally pragmatic, non-confrontational nature of Russian-Hungarian ties provided for quick recovery from the turmoil.

Russia - Czech Republic

Russian-Czech relations in the period between 1998 and 1999 developed along lines similar to Russia's relations with Hungary and Poland. If one were looking for similarities, then a 'Polish model' would be more applicable to Russian-Czech ties, although they were not marred by crises of similar proportions to those that occurred in Russian-Polish relations. The former Czech Foreign Minister Josef Zieleniec has commented: "Czech relations with Russia are certainly simpler than Russian-Polish relations... .In Poland there is a much longer and more dramatic history".[286] However, compared with the other three CE states, Russian-Czech relations were the least intensive at the top and medium levels. The explanation lies not only in the factors that universally affected Russia-CE states' relations, such the issue of NATO enlargement, the financial crisis in Russia in August 1998, changes in the Russian government, and the Kosovo crisis. The Czech Republic continued to pursue an unapologetically one-sided pro-Western foreign policy. Its distance from Moscow continued to inform Prague's policy towards Russia. A

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[285] *Rossiyskaya gazeta*, 30 November 1999, (FBIS-EEU-1999-1202).
[286] "Between Scylla and Charybdis." An interview with Josef Zielenec, <http:/ www.new-presence.cz/00/02/between.html>, accessed on 20 July 2001.

similar reasoning could be applied to the way Russia perceived the Czech Republic. There a new government of social democrats came to power in June 1998 and declared that it was not going to change the main direction of Czech foreign policy. The main tenets of its foreign policy were declared to be the continuation of the process of European integration, and widening of cooperation in the Central European region. However, Czech officials stated their desire to increase contacts with Russia and the CIS, primarily in the economic sphere.[287]

It was perhaps extraordinary, given the circumstances, that Czech Prime Minister Milos Zeman visited Moscow on 15 April 1999, just weeks after the Republic joined NATO and the Kosovo crisis broke out. Zeman's ambiguous statements regarding the conflict in the Balkans, inconsistent with his country's new status and criticised by other Czech leaders, could explain his warm reception.[288] Zeman assured Moscow that his country would not put up any barriers to the passage of humanitarian assistance to Yugoslavia through its borders.[289] Despite the fact that his talks in Moscow concentrated on bilateral economic and trade issues, Russian Foreign Minister Ivanov declared that Zeman's visit was a "potential turning point" in Russian-Czech relations.[290]

However, as we shall see in the section dealing with Russia-Czech relations in 2000-2001, despite the new leadership in Russia and general rapprochement with NATO and the West in general, the 'turning point', to which Ivanov referred, did not materialise.

Russia - Slovakia

Russia's relations with Slovakia in the period in question underwent serious changes. If between

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[287] *Nezavisimaya gazeta*, 29 September 1998.
[288] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 5, Issue 75, 19 April 1999, *The Jamestown Foundation*, http://www.jamestown.org/pubs/view/mon/005/075_007.htm
[289] *RFE/RL Newsline*, Vol. 3, No. 74, Psrt II, 16 April 1999.
[290] *Op. cit.*

1994 and 1998, during the government of Vladimir Meciar, one could talk of a distinctly 'Slovak model' of bilateral relations, contrasting with the 'Polish model', by the end of 1998 Bratislava's mode of close cooperation with Moscow came to an end. The change of government in Slovakia brought a reappraisal of foreign policy and revealed the highly personalised and temporary nature of Russian-Slovak relations during the Meciar governments.

During his last visit to Moscow in his capacity as Slovak Premier in May 1998, Meciar had sought political support for the upcoming elections in Slovakia. President Yeltsin took the opportunity to support Meciar's 'balanced' foreign policy, expressing the hope that Meciar's Movement for Democratic Slovakia would win the next parliamentary elections. Support for the Slovak government was widespread among the Russian political elite. During a visit to Bratislava in March 1998, the then head of the Russian Duma Foreign Affairs Committee Vladimir Lukin, also one of the leaders of liberal Yabloko party, said: "I will never vote for a resolution at any international forum that would criticize Slovakia in any way for its imperfections. We ought to help each other, not swear at each other."[291] Russia was interested in supporting the Meciar leadership, whose official policy of integration with Western structures, NATO in particular, was in practice undermined by its strong pro-Russian orientation and its domestic policies. Such a state of affairs was very much in Russia's favour, and had enabled it to expand its economic presence and influence in the country and to 'restore' lost geopolitical influence.

However, the victory of the opposition in the September 1998 parliamentary elections led to the appointment of Mikulas Dzurinda as Slovakia's new Prime Minister, someone who while in opposition had strongly criticized Meciar's policy towards Russia. This led to marked changes in Russian-Slovak relations. In one of its first statements on the subject, the new government

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[291] *TASR*, 25 March 1998, (FBIS-EEU-98-084).

announced that bilateral treaties signed by the Meciar government could be revised.[292] Eduard Kukan, who was to become Slovakia's new Foreign Minister, declared that he saw "no reason for above-standard political relations with Russia since Slovakia considers its integration with NATO and EU entry to be a priority".[293] At the same time, the new Slovak authorities were careful to emphasise Bratislava's interest in "strengthening friendly multifaceted and mutually beneficial cooperation with Russia", and stated that the Prime Minister would pay his first official visit to Russia. Indeed, the changes that took place in Slovakia seemed sometimes to have little effect on the way the country was perceived in Russia. For instance, the Chair of the Upper Chamber of the Russian Parliament Yegor Stroyev, declared in April 1999 that he would like to see Slovakia as a member of the Inter-Parliamentary Assembly of the CIS. After Ukraine decided to participate, he argued, it would be suitable for Slovakia to be invited. The Slovak information agency TASR commented that such a statement was a demonstration that some Russian officials still regarded Slovakia as a possible sphere of influence in Central Europe.[294] More likely, however, it was a sign of ignorance about developments in Slovakia.

As it happened, the review of treaties did not lead to any cancellation or renegotiation. The Slovak Foreign Minister Kukan stated that the main problem was not the number or content of the treaties, but Slovakia's foreign policy towards Russia and the lack of transparency while the treaties were being negotiated.[295] However, the Slovak government decided to stop the practice of settling Russia's debts with deliveries of military equipment. Bratislava also decided to pull out of the deal agreed by Meciar for the delivery of the Russian S-300 missile system as part payment for debts, since its acquisition would needlessly complicate accession to NATO.[296] The

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[292] *TASR*, 13 October 1998, (FBIS-EEU-98-286).
[293] *Ibid.*
[294] *TASR*, 3 April 1999, (FBIS-EEU-1999-0406).
[295] Jolyon Naegele and Marian Bednar, "Slovakia: Government Refuses To Cancel Any Treaty With Russia," *RFE/RL*,25 February 1999.
[296] *Narodna obrada*, 30 January 1999, (FBIS-EEU-99-032).

announcement of withdrawal from this deal led to serious complications between Russia and Slovakia in subsequent negotiations on debt settlement. Despite the frictions, relations between the two states remained stable, but the special attention that Slovakia used to pay Russia was a thing of the past.

Russian National Security and Central Europe – 2000-2001

With the election of a new president in Russia in March 2000 a fresh phase began in Russian internal and external policy. The coming to power of President Putin marked a turning point in Russia's post-Soviet development. The new phase was characterized not only by change but also by continuity with the Yeltsin era. The events of the preceding years had a major influence on the evolution of perceptions of national interests and security, and, consequently, on the phrasing of the official documents articulating the country's foreign and security policies. The adoption of the Concept of National Security (January 2000), The Military Doctrine (April 2000) and the Concept of Foreign Policy (July 2000) clearly reflected a reassessment of Russia's security threats and policies in the aftermath of NATO enlargement, the adoption of the new NATO Strategic Concept and the Kosovo crisis, and the continuing dominance of a geopolitical perspective on international relations. Re-assessment of conventional military threats to Russia, downgrading of the role of international structures such as the UN and the OSCE in the wake of the Kosovo crisis, and replacement of the notion of 'partnership' with the more cautious 'cooperation' with the West in the above documents, was followed, however, by the adoption by President Putin of a pragmatic and balanced foreign policy, with a strong emphasis on the primacy of economic goals – integration into the world economy and creating conditions for attracting inward investment.[297] One of Putin's foreign policy initiatives was to re-start relations with NATO after they had been put on hold as a consequence of actions in Kosovo. The new

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[297] Vyacheslav Nikonov, "Logika Putina," in *Trud*, 28 April 2001.

Russian president described Russia as a "part of European culture" and as "being within the mainstream of the Western civilization".[298] Such pronouncements, of course, as the Russian scholar Andrei Melville points out, could simply reflect the pragmatic realization that Russia is dependent on the West in many respects and needs its help if it is to succeed with reforms.[299] Russia's opposition to further NATO enlargement remained intact and it was identified as a challenge to Russian national security in the Concept of National Security and the Concept of Foreign Policy adopted in January 2000. However, Putin's speedy rapprochement with NATO, the West and the USA in particular in the aftermath of 11 September terrorist attacks led to Russia reassessing its policy towards NATO and softening criticism of NATO's further enlargement.

At the end of the 1990s Russia's relations with the four Visegrad states had been seriously harmed by the Kosovo crisis. Poland, the Czech Republic and Hungary's support for enlarging NATO beyond their borders continued to be a significant irritant. However, in what can be seen as a sign of Moscow's new pragmatism and "selectivism" (as Andrei Melville calls it), the Concept of Foreign Policy identified relations with CE as vital in the realm of sustaining existing human, cultural and economic ties, and called for an overcoming of existing problems, to Russia's benefit.[300]

The following section examines in detail the evolution of bilateral relations between Russia and the CE states between 2000 and 2001. It will be seen that Russia's ties with Poland proved to be far more active than those with the other three states. Due to its location, size, geopolitical and

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[298] Quoted in Andrei Melville, "Putin's Russia in Search of its Place in the World", paper presented at the Second Convention of the CEEISA, Warsaw, 15-18 June 2000.
[299] *Ibid.*
[300] *Kontseptsiya Vneshnei Politiki Rossiyskoy Federatsii*, 10 June 2000, <http://www.mid.ru/mid/vpcons.htm> accessed on 11 June 2000.

economic weight, and the generally more complex nature of relations, Poland continued to be the most important country in the region for Moscow.

Russia-Poland

Another spy scandal broke out in Warsaw in January 2000 when Poland announced the expulsion of nine Russian diplomats, who, according to the government, were "involved in active espionage activities against Poland's interests in 1999".[301] The incident set in motion a chain of mutual reprisals and accusations, further harming bilateral relations. Russia reacted angrily, accusing Poland of taking an "unfriendly and provocative step… aimed at undermining relations" between the two countries and warned that any worsening of bilateral relations would be Poland's fault.[302] Polish Defence Minister Onyszkiewicz responded by saying that Russian espionage activities in Poland had increased since Warsaw joined NATO a year earlier. The Polish government warned Russia against retaliatory moves that would create "unnecessary tensions" between Russia and Poland.[303] Russian Foreign Minister Igor Ivanov commented that the expulsion of the Russian diplomats had come soon after Moscow resolved to improve relations with the states of CE. A Russian Foreign Intelligence Service representative declared that the timing and scope of the Polish action was a demonstration of Poland's desire "to radically revise the nature of Russian-Polish relations" and "to isolate Russia in the international arena".[304] Russian experts pointed out the advantages that Poland derived from going public over the spy row: the Polish special services "proved their professionalism to the West and its domestic public, and Poland made an important step towards winning trust as a reliable partner in NATO".[305] Russia reacted by

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[301] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 6, Issue 15, 21 January 2000, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/006/015_001.htm
[302] *Ibid.*
[303] *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 6, Issue 16, 24 January 2000, The Jamestown Foundation, http://www.jamestown.org/pubs/view/mon/006/016_002.htm
[304] *Ibid.*
[305] *Nezavisimaya gazeta*, 26 January 2000.

demanding that nine Polish diplomats leave Moscow within a week,[306] a move that Poland called 'unfriendly'.[307] In addition, the Russian government cancelled Foreign Minister Ivanov's visit to Warsaw, and a planned visit by the Russian Prime Minister was put off indefinitely.[308]

One month later another scandal led to the Russian ambassador to Poland being recalled. On 23rd February 2000, representatives of the pro-Chechen organisation "Free Caucasus" broke into the premises of the Russian consulate in Poznan, vandalised the building, tore up the Russian flag and hoisted a Chechen one instead. According to Russian sources, the Polish authorities in Poznan deliberately turned a blind eye. On the same day a cemetery for Soviet soldiers at Bielsko-Byala was vandalised. According to one commentary in *Nezavisimaya gazeta*, after joining NATO the Polish authorities had become "unreasonably overzealous", and "possibly out of a wish to be seen as good allies started methodically to emphasize Russia's aggressive nature, without giving consideration to how such actions could affect Russian-Polish relations".[309]

In general, Russia's second military campaign in Chechnya led to further tensions between Russia and Poland, even more than in 1994-96. The Polish government took up a moderate stance on the conflict similar to that adopted by the Western powers, yet ordinary Poles repeatedly took to the streets in protest against Russia's actions.[310] According to Magdziak-Miszewska Poles view Russian actions in Chechnya through the prism of their past experience: "Deeply rooted consciousness of a small people struggling with a powerful empire for its independence brings up a black-and-white stereotype, overshadowing all the complexity of reality."[311] This soured bilateral relations even further. Russian officials' and politicians'

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306 *Krasnaya zvezda*, 26 January 2000.
307 *Frankfurter Rundschau*, 24 January 2000, <http://www.inopressa.ru/details.htm?id=81> accessed on 6 July 2000.
308 *Krasnaya zvezda*, 26 January 2000.
309 *Nezavisimaya gazeta*, 25 February 2000.
310 "Poland Will Back EU Resolution on Chechnya", *PAP*, 12 April 2000, (FBIS-EEU-2000-0412).
311 *Dipkur'er – Nezavisimaya gazeta*, No. 9, 18 May 2000.

comments certainly did not help. Russian Vice Consul in Poznan Igor Ostchepkov commented in an interview with a Polish reporter: "When a lion is sick, even a monkey can beat him… But what happens when the lion gets better?"[312] Gennadiy Zyuganov, the Communist leader, made a scathing statement about "banditry" in Poznan, while Ella Pamfilova, a prominent left-wing politician, spoke disparagingly on television about Poland.[313] Vladimir Lukin, a former ambassador to the United States and a liberal 'Yabloko' member of the Duma, described the situation as a "continuation of a certain line, trend and mood harking back to the worst traditions in Polish-Russian relations". He further explained that "there is a widespread belief in Russia that by expressing such an attitude toward Russia, Poland is trying to repay the West for letting it be one of the first [former Soviet-bloc] states to join NATO".[314]

Unlike in Russia, in Poland there was evidence of critical reflection on policy towards Russia. In the aftermath of the spy row and the attack on the Russian consulate President Kwasniewski described Poland's relations with Russia as being on a "very low level". Kwasniewski also reproached the Polish government for repeatedly failing to take advantage of opportunities to improve relations with Russia.[315] The accusation drew an angry reaction from Foreign Minister Geremek, who reprimanded the president, saying that the Polish national interest required that the government speak to Russia with one voice.[316]

As well as criticizing the Polish government for failing to give "any new impulses to the Polish-

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[312] *The Washington Post*, 20 April 2000. Online edition <http://www.washingtonpost.com/wp-dyn/articles/A47988-2000Apr19.html>, accessed on 6 June 2000.
[313] *Rossiyskaya gazeta*, 29 February 2000, (FBIS-EEU-2000-0229).
[314] *Op. cit.*
[315] *RFE/RL Newsline*, Vol. 4, No. 44, Part II, 2 March 2000.
[316] *Polytika*, 18 March 2000, (FBIS-EEU-2000-0324). The Polish Foreign Ministry distributed a handout with a list of Russian-Polish meetings and a list of issues that had not been settled because of Moscow. For instance, Russia did not ratify the agreement on protecting investments, which was signed in 1992. The Russian Duma says that such an agreement would not be necessary as soon as Russia joins the World Trade Organisation. See *Rossiyskaya gazeta*, 12 July 2000.

Russian relations free of the burden of history", Kwasniewski placed a large share of the blame for the poor state of relations on Russia:

> Traumas and the distance after our entry to NATO, the changing government – all that of course is true. But just such a situation requires activeness, original ideas. That is in very short supply. A pity, because good relations are in their and in our interests.[317]

Despite the scaling down of top-level Russian-Polish relations a number of positive developments emerged in the second half of 2000 and in early 2001, although, as before, the vexed burden of history played a big part. An unlikely individual calling for reconciliation was the popular and authoritative bishop, Jan Zycinski. On the eve of the 60th anniversary of the Katyn massacre he declared that "an ordinary Russian does not bear any responsibility for the fratricidal policies of Communism" and called on the Poles to pray for the unity of the Polish and Russian peoples.[318] Prime Minister Buzek echoed his sentiment, saying: "One must state that we do not tie communist genocide to the Russian nation, as Russians themselves have suffered extremely at the hands of the same communist butchers."[319] Kwasniewski remarked that the Katyn massacre was "an atrocity committed by an inhumane system for which we cannot and we do not want to blame the entire [Russian] nation".[320] Russia's then acting President Vladimir Putin used the occasion to re-establish top-level contact with Poland. He telephoned Kwasniewski and spoke of "the discovery of new graves near Smolensk", inviting Polish prosecutors to "participate in actions that will lead to uncovering the truth". The two presidents, it was repeated, agreed to give a boost to Polish-Russian relations.[321]

Kwasniewski's working visit to Moscow on 10 July 2000 was hailed as a 'breakthrough' in bilateral relations. The Russian media commented that the improvement in relations was in large

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317 *Polytika*, 3 March 2000, <http://www.president.pl/news/interview.html>, accessed 20 August 2001.
318 *Obschaya gazeta*, 4 April 2000.
319 *PAP*, 13 April 2000, (FBIS-EEU-2000-0413).
320 *RFE/RL Newsline*, Part II, 14 April 2000.
321 *RFE/RL Newsline*, Part II, 13 April 2000.

part thanks to the new Russian President Putin, who had "abstained from the policy of enhanced confrontation with a close and strategically important neighbor".[322] Putin also appeared keen to put his predecessor's wrath over Poland's NATO entry behind him: "We proceed from the fact that Poland takes independent decisions in foreign policy, but this does not prevent our fruitful cooperation."[323] In other words, Russia seems finally to have registered that Poland was a fully-fledged member of NATO, and it did not bring up the issue at the talks.

By this time Russia had moved to re-establish its own ties with NATO. A month before Kwasniewski's visit, Russian Defence Minister Igor Sergeyev and his Polish counterpart Janusz Onyszkiewicz, who participated in a meeting of the Russia-NATO council in Brussels, agreed to restore contacts between the two ministries. A Polish Defence Ministry spokesman quoted Sergeyev as saying that for Russia, Poland was not a France, a Britain or a Germany but hope, love and pain.[324] Such a poetic expression from the mouth of the Russian Defence chief captures the difficulties the Russian political and military establishment had in coming to terms with the changed geopolitical and geostrategic environment in Europe. Nevertheless, the new administration in Moscow was able to leave many grievances and mindsets of the previous regime behind. Putin's new foreign policy, emphasising Russia's rapprochement with the West on pragmatic, economically determined principles, opened the way to a fresh start in relations with Poland, and with other states.

Results of the resumed contacts and changed priorities began to emerge soon after. One of the most remarkable examples was a visit by the commander of the Russian Baltic Sea Fleet Admiral Yegorov to Poland aboard the destroyer *Nastoichivyi* – the flagship of the Russian Baltic Sea

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[322] *SMI.RU*, 11 July 2000, <http://smi.ru/2000/07/11/963299564.html> accessed on 19 September 2000.
[323] *Interfax*, 10 July 2000, (FBIS-EEU-2000-0710).
[324] *PAP*, 9 June 2000, (FBIS-EEU-2000-06009).

Fleet. The Baltic Fleet's main base in Baltiisk is only three hours away from Gdynia, the Polish naval base.[325] However, the short geographical distance was overshadowed by the political distance that had emerged between the two states in the years since the disintegration of the Soviet Union. Contacts between the two militaries were also re-established at the level of military training. After a one-year break, Poland sent some of its officers to Russia to train at the Frunze Military Academy. Likewise, officers from Russia were trained at the Polish National Defence Academy. Moreover, the Russian Baltic Sea Fleet and the Polish Navy agreed on a 10 year cooperation plan (2000-2010) covering at least 10 joint activities, including visits, setting up a permanent political-military dialogue on security, regular contacts between the headquarters of the Russian Baltic Sea Fleet in Kaliningrad and the Pomorski Military District of Poland, and regular exercises with other fleets in the Baltic Sea region.[326] Such a level of cooperation, even the intention to achieve it, is a far cry from the previous state of relations.

High-level political exchanges accelerated as well. The Russian Foreign Minister visited Warsaw for the first time in four years in November 2000. Some Russian commentators attributed the change in the Russian-Polish atmosphere to the changes in the Kremlin. Sergey Markov, Director of the Institute of Political Research in Moscow, commented that the new president brought a new, more energetic and pragmatic foreign policy: the revitalisation of Russian-Polish relations was a direct consequence of the changes in Moscow.[327] Foreign Minister Ivanov stated in Warsaw that the development of stable relations was Russia's strategic line.[328] Poland's Foreign Minister for his part expressed the hope that in a few years visits of Russian politicians to Poland would be commonplace.[329] During Russian Prime Minister Kasyanov's visit in Warsaw in May

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[325] *Rossiyskaya gazeta*, 5 September 2000. (FBIS-EEU-2000).
[326] Agnieszka Hreczuk, 'Polish-Russian Relations and Kaliningrad', *Russian Participation in Baltic Sea Region-Building: A Case Study of Kaliningrad*, Paul Holtom, Fabrizio Tassinari (Gdansk, Berlin: BaltSeaNet, 2002). p. 81.
[327] *Strana.ru*, 23 November 2000, <http://www.strana.ru/print/975002851.html>, accessed on 4 June 2001.
[328] *PAP*, 23 November 2000, (FBIS-EEU-2000-1123).
[329] *PAP*, 22 November 2000, (FBIS-EEU-2000-1122).

2001, he described the trip as one of a number of steps his government was taking to "finish the period of cool relations between Poland and Russia".[330] By mid 2001 relations seemed to have entered a stable phase, where the removal of tension at a high level paved the way for improved relations at other levels: the political overlay was removed from economic and other contacts. President Putin visited Poland in January 2002, the first visit by a Russian leader since 1993. International events, Russia's renewed alignment with the West, the change of government in Poland, and Putin's overall pragmatic foreign policy approach, all helped to facilitate Russian-Polish rapprochement. In an interview for Polish television Putin argued that it was a "blatant error" to dwell on past grievances.[331] Of course, as recent history has demonstrated, Russian-Polish relations can easily be upset. The past exercises a very powerful influence, often a negative one, on mutual perceptions. The signs of an improvement in bilateral relations that emerged in 2000-2001 under a new leadership in Russia and a moderate President in Poland came once the question of NATO membership for Poland was settled. The new round of enlargement to include the Baltic states, which Poland strongly advocates, and which Russia strongly opposes, and used even stronger threats to prevent than it did in regard to the first wave of enlargement, remained an irritant in Russian-Polish relations. By late 2001, however, with Russia moving closer towards cooperation with NATO in the new post-11th September environment, Moscow scaled back its anti-enlargement rhetoric and the issue disappeared from the Warsaw-Moscow dialogue.

Russia's relations with Hungary, Slovakia and the Czech Republic

As already noted, Russia saw the other three Visegrad states as less important than Poland due to their size and geographical distance. However, the shift in Russian foreign policy that took place

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330 *Informatsionnyi byulleten'*, 28 May 2001, <http://www.mid.ru>, accessed 4 June 2001.
331 *Gazeta.Ru*, 16 January 2002, <http://www.gazeta.ru/print/2002/01/16/PutinBeginsP.shtml>, accessed 20 January 2002.

in early 2000 was also evident in Russia's policy towards these states. Although bilateral relations were not rich with events, some general conclusions can be drawn about the approach to them of the new Russian leadership in the security field.

Russian-Hungarian relations, which had entered a stable phase at the end of 1999, after the turmoil associated with the Kosovo crisis, continued to improve. As in the case of Poland, Moscow appeared to have accepted the reality that CE states were now NATO members. Russian MFA spokesman Aleksandr Yakovenko said, "Russia, in its practical policy, takes into account that the CE states are members of NATO." "We do not intend to emphasise our differences," he continued, "Central and Eastern Europe were and remain a Russian Foreign Policy priority."[332] Russian Deputy Foreign Minister Avdeyev commented in Budapest in October 2000 that Moscow should accept that Hungary is a NATO member and Budapest should accept that as a NATO member state it should have its own say within the alliance on questions affecting Russia.[333] The Russian position now seems to have been to influence the new NATO members not to promote the Alliance's further enlargement. Nevertheless, Hungary, like Poland and the Czech Republic, remained a firm advocate of further NATO expansion. Hungary's commitment to such a policy increased as a result of the Balkan crisis, when it found itself a NATO frontier state bordering a conflict zone. However despite these pronouncements Russian-Hungarian relations developed constructively. Russian Foreign Minister Igor Ivanov visited Budapest in January 2001, describing his visit as a successful one, which gave further impetus to bilateral relations and paved the way for further top-level exchanges.[334]

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[332] *Interfax Diplomaticheskaya panorama*, 23 January 2001, (FBIS-SOV-2001-0123).
[333] *Nepszabadsag*, 13 October 2000, (FBIS-EEU-2000-1013).
[334] *Nezavisimaya gazeta*, 13 January 2001

The warmth of Russian-Slovak relations under the Meciar government never returned after the election of the new government in 1998. Slovakia adopted a new one-sided orientation towards the West at the expense of ties with Russia. Apart from a brief visit by the Russian Foreign Minister to Bratislava in January 2001, no other high level meetings took place after 1998. However, while in Bratislava, Igor Ivanov was careful to emphasise Russia's pragmatic view of relations with Slovakia. Ivanov emphasised that, despite the fact that Russia sees NATO's enlargement plans as a mistake, Slovakia's NATO entry would not slow the development of bilateral cooperation.[335] He stated that Moscow wanted dynamic relations with Bratislava in all spheres. After all, Ivanov argued, "Russia cannot forbid other countries to make their choice, but Russia too cannot be forbidden to think of its own security."[336] The Foreign Minister offered, instead, to concentrate efforts on minimising the possible negative consequences for bilateral relations of Slovakia joining the EU.[337]

The promise of a 'turning point' in Russian-Czech relations held out by the Czech Prime Minister during his visit to Moscow in April 1999 was followed by an almost two-year-long period without any contact between the Russian and Czech governments. Russian ambassador to the Czech Republic Nikolai Ryabov even commented that the development of relations between the two states had acquired a confrontational nature, complaining about measures taken by Prague to introduce visa requirements for Russians, and about the general cooling of relations between Moscow and Prague: "We were alarmed by the fact that political dialogue between us has practically stopped."[338] The Czech side reacted strongly to such comments. Czech commentators described relations with Russia as "normal and stable, although they could be more intensive in

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[335] *TASR*, 2 April 2001, (FBIS-EEU-2001-0402)
[336] *CTK*, 31 January 2001, (FBIS-EEU-2001-0131).
[337] *Ibid.*
[338] *CTK*, 21 March 2000, (FBIS-2000-0321).

the political and particularly economic spheres".[339] The Russian MFA stated that Ryabov was not expressing Russia's official position: the official stance was that relations between the two states were good.[340] If Ryabov's comments could have been an exaggeration, and after all he did backtrack from his statement, the description of relations between the two states as good did not reflect reality. A latent conflict persisted throughout the period, with Czech President Havel`s statements about excessive use of force and human rights abuses in Chechnya causing significant friction with Moscow. In November 1999 Russia reacted angrily when Chechen Foreign Minister Ilyas Akhmadov visited Prague and was received by representatives of the Presidential Administration, the Parliament and the Czech Foreign Ministry. Similarly, in response to remarks made by Vaclav Havel that Chechnya had not always belonged to Russia and that actions in Chechnya were carried out against people, not against terrorists, the Russian Foreign Ministry issued a note of protest accusing the Czech President of questioning Russia's territorial integrity.[341] Czech Premier Zeman followed up with a statement that he considered Chechnya to be a part of Russia.[342] Remarkably, the Czech delegation at the Parliamentary Assembly of the Council of Europe disregarded Havel's recommendations, and voted against Russia's suspension from membership of the Council of Europe.[343]

The events described above, coupled with the continuing advocacy by President Havel of further NATO enlargement, angered Moscow. In his argument for further NATO enlargement irrespective of Russia's view Havel stated that yielding to Russia's resistance to Baltic expansion would "amount to returning to the Ribbentrop-Molotov Pact" of 1939. Russia protested, arguing

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339 *CTK*, 22 March 2000, (FBIS-EEU-2000-0322).
340 *Ibid.*
341 *Interfax*, 4 May 2000, (FBIS-EEU-2000-0504).
342 *CTK*, 5 May 2000, (FBIS-EEU-2000-0505).
343 *CTK*, 10 May 2000, (FBIS-EEU-2000-0510). The Polish delegation also refrained from voting to suspend Russia's membership in PACE.

that such statements created an enemy image.[344] Not surprisingly, according to an opinion poll, a big proportion of the Czech population still perceives Russia as the most likely threat to the Czech Republic's security.[345] Joining NATO did not seem to have changed this threat perception. The low level of contacts between Russia and the Czech Republic reflects the general poor state of bilateral relations, which in its turn is a reflection of the way the two states perceive each other in security and national interest terms. The fact that Russian Foreign Minister Ivanov`s five-hour visit to Prague in January 2001 was the first visit by a Russian Foreign Minister in seven years, can be seen as a clear demonstration of the 'distance' between the two states.

Conclusion

The evolution of Russian security and foreign policy towards the four states of Central Europe in the ten years since the collapse of the Soviet Union has passed through four identifiable periods, with associated changes in the dynamics of bilateral relations. The first period reflected the dramatic changes the Russian state was undergoing in the aftermath of the collapse of the USSR and its search for an identity and a role in Europe and the wider world. Moscow's initial heavy focus on the West and the general weakness of the executive branch of the Russian government, meant that little attention was allocated to the four Visegrad states. One needs to bear in mind that at the time even Russia's immediate neighbourhood, the former Soviet Republics, did not play a prominent part in Russian foreign policy and national security priorities. In such circumstances, it would be unrealistic to expect Moscow to have had a coherent policy towards CE.

The issue of NATO enlargement changed the status of the CE states as Moscow's "forgotten neighbours". In the period between 1994 and 1997 Moscow started to pay more attention to the

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[344] *The Prague Post*, 16 May 2001, <http://www.praguepost.cz/news051601d.html>, accessed on 20 June 2001.
[345] *BBC Monitoring*, 7 May 2001. (Posted on David Johnson's Russia List).

region. However, the policies that evolved during that time and the nature of relations between Russia and the CE states only demonstrated the degree of mistrust that existed between the two sides. Public and elite perceptions were heavily influenced by the experiences of recent decades. The delicate nature of relations required a very careful approach in formulating policy. Yet, Russia quite often failed to understand the reasons behind the apprehension of the CE states towards Russia. Moscow's 'big power' rhetoric and threats of reprisals in the event of NATO enlargement only helped fuel fears in CE. The record of bilateral relations between Russia and Poland, Hungary and the Slovak and Czech Republics provided a clear demonstration of Russia's poor understanding of what was driving security thinking in CE. This worked both ways. Russia was far from having established its role and place in the new international environment. Its sense of insecurity, during a period of change, was considerably fuelled by imminent NATO enlargement. The continuity of the Russian political elite, with its residual Cold War thinking, meant it could not have reacted in a different way – for them NATO continued to be a military alliance with the sole purpose of repelling a hypothetical threat emanating from Russia. The CE states' drive to join NATO was, according to this logic, an anti-Russian step. These feelings received a major boost with the unfolding of war in Kosovo: NATO's action came just a few weeks after the first wave of enlargement. Few in Russia believed that NATO, primarily a military institution, a remnant of the Cold War, would undertake an action in Kosovo in response to humanitarian crisis. At this emotionally charged moment, the widespread belief took hold that NATO was striving to take advantage of Russia's weaknesses and further undermine its influence in the world, possibly even getting involved in conflicts on Russia's periphery.[346] Thus the third period in Russian-CE relations described in this study became, in the light of international events and developments in Russia and the CE states, one of the tensest in the Post-Cold War history of bilateral cooperation.

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[346] Oksana Antonenko, 'Russia, NATO and European Security After Kosovo', *Survival*, Vol. 41. No. 4 (Winter 1999-2000), pp. 124-144.

As for the question of whether Russia's relations with CE could have developed in any other way in the post-Cold War environment – the answer rests on the interpretation of the events in Russia's and CE states' internal politics. It is worth noting that the CE states first started to express a desire to join NATO when Russian foreign policy was pronouncedly pro-Western and did not seem to be threatening to CE. The CE states' desire to anchor themselves firmly with the West was one of the key reasons for the growing distance from Moscow in the early 1990s. The end of 'romantic Westernism' in Russia, and its shift towards a pragmatic, self-assertive foreign policy partly in response to the political pressures within the country, made it easy for CE political elites to evoke Russia's imperial image. Afterwards, this played an important role in justifying their drive to gain entry to NATO. Russia's new-old approach of talking with the West over the CE states' heads rather than with them was seen in Central Europe as a continuation of Russia's unreconstructed perception of their region as a subsidiary factor in its national security policy calculations.

As has been shown, the emergence of the issue of NATO enlargement had the effect of narrowing down Russia's relations with CE to the question of how to avoid the enlargement. Moscow thus denied itself any room for manoeuvre. Russia's and the CE states' shared past did not become a basis for constructive relations and sharing of transition experience. On the contrary – the negative experience of the past played a crucial role in determining new perceptions. The fact that Russia and the CE states could not be seen as equal partners in world affairs, due to Russia's size and remaining influence, coupled with the residual distrust towards it on the part of the CE elites meant that relations between the two sides were bound to be negatively affected.

However, changes in the Russian leadership in 2000 – the election of a new President and changes in the government associated with it – brought to power a new generation of Russian politicians. A new approach towards the CE states, even though is far from being completely installed, has already produced a new style of relations. Putin's Western-centric foreign policy, and a new level of cooperation with NATO in the aftermath of the terrorist attacks on the USA, have facilitated changes in Russian-CE relations at a political level. Although it is far too early to draw firm conclusions, relations with the CE states seem to have become more economically determined, in line with the general direction of Russian foreign policy and national security priorities. The next chapter will look into the evidence of Russia's relations with the CE states on the soft security level, which is now assuming greater prominence in Russian foreign and security policy.

Russia's Relations with Central Europe: 'Soft Security' Aspects

Introduction

This chapter is concerned with the development of Russian policy towards and relations with Central Europe in a 'soft' security milieu on the bilateral and multilateral level since 1991. The broadening of the security agenda after the end of the Cold War was clearly reflected in the formulation of Russian national interests and security threats that emerged with the lifting of the bloc based security system in Europe. Russia's internal development and coming to terms with the new attributes of statehood and its geopolitical context was reflected in the process of formulation of national interests and security perceptions. This process, which is far from finished today, has produced significant changes in the way Russia's place in the world and national interests are perceived and the emphasis Russia puts on various national security threats and challenges.[1] However, one constant was the absence of a serious immediate military threat to Russia. Although the degree of possibility of such a danger re-emerging in the long-term has been shifting under the influence of the events surrounding NATO enlargement and the alliance's involvement in the Balkans and the subsequent rapprochement with the West, the emphasis on non-military and internal security threats has remained consistently prominent. As one well known Russian academic noted,

> Economic factors, for the first time in Russia's history, are playing a leading role in shaping the country's foreign policy. Autarky is no longer feasible, let alone desirable. Security considerations are still strong and have been strengthened as a result of

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[1] For a recent critical assessment of Russian foreign and national security policy see Nikolai Kosoplapov, "Stanovlenie sub'ekta rossiiskoi vneshnei politiki," [Formation of the subject of Russian foreign poloicy]; Yuri Fedorov, "Krizis vneshnei politiki Rossii: kontseptual'nyi aspekt," [Crisis of Russian Foreign Policy: a Conceptual Aspect]; Dmitri Trenin, "Nenadezhnaya strategiya" [Unreliable strategy] in *Pro et Contra*, Vol. 6, No. 1-2, Winter-Spring 2001, pp.7-30, pp. 31-49, and pp. 50-65.

> Kosovo and the North Caucasus conflicts, but they are no longer unquestioningly dominant.[2]

In one of the first documents that attempted to articulate Russian national interests on the official level, submitted to the Russian Parliament in early 1992, the Russian Foreign Ministry defined Russian national interests in terms of achieving a "dynamic economy", "concern for human rights," "democracy," and "integration into the world economy". It stated that "Russia sees no state as hostile to it and will not use force for any purpose rather than defense".[3] Detailing Russia's preferred stance toward countries and regions, Central Europe was singled out to be given more attention, primarily due to a steep erosion of economic ties with the region.[4] With the shift towards a more conservative and geopolitically defined version of national interests conceptualised in terms of "Russia as a great power", the emphasis on the absence of direct large-scale aggression and prominence of non-military threats to Russian statehood was nevertheless sustained.[5] Even the latest *National Security Concept* of 2000, formulated in the aftermath of NATO enlargement and the Kosovo crisis, despite listing a number of external threats arising from deliberate actions and aggression (a clear reference to NATO), stuck to the fundamental argument that Russia's national interests and security would only be secured through the development of Russia's economy in conjunction with eventual integration into the world economy.[6]

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[2] Dmitri Trenin, "Russia-EU Partnership: Grand Vision and Practical Steps," *Russia on Russia: Russia in the New World*, Issue 1, February 2000, < http://www.msps.ru/eng/libr/r_r1.html > accessed 16 June 2001.
[3] Suzanne Crow, "Russia Debates Its National Interests," in *RFE/RL Research Report*, Vol. 1, No. 28, 10 July 1992, p. 44.
[4] *Ibid.*, p. 44.
[5] See, for example, "Rossiya: Chelovek, Sem'ya, Obstchestvo, Gosudarstvo. Iz Programmy deistvii na 1996-2000 gody Prezidenta RF B.N. Yelstina," in *Diplomaticheskii Vestnik*, No. 7, July 1996, pp. 3-5; See also *The Concept of National Security of the Russian Federation*, http://www.scrf.gov.ru/Documents/Decree/1997/1300.html, accessed on September 10, 1998; "Iz Poslaniya Prezidenta Rossiiskoi Federatsii Federalnomu Sobraniyu, *Diplomaticheskii Vestnik,* No. 4, April 1999, p. 6.
[6] The National Security Concept was signed into law by Presidential decree in January 2000. The text of the Concept can be retrieved at http://www.scrf.gov.ru/Documents/Decree/2000/24-1.html

As the above brief account of Russia's official perceptions of its national interests has demonstrated, and as was discussed in Chapter 2, the Russian government has been greatly concerned with the nature of the new threats that have emerged in the last decade. Through all the changes taking place in Russian foreign policy and threat perceptions, Russia's internal economic and political weakness has been seen as one of the major concerns, along with the threat of nuclear weapons proliferation, international terrorism, drug trafficking and environmental degradation. As one commentary in *Nezavisimaya gazeta* noted, despite Russia's criticism of NATO's new strategic doctrine of 1999, parts of that doctrine calling for a fight against international terrorism, drugs trafficking and organised crime echoed the challenges mentioned in the Russian National Security Concept of 2000. According to the newspaper this overlap pointed to the interests Russia and the West had in common.[7]

But what relevance and significance does Central Europe have to Russia's response to those non-military security threats? Russia and Central Europe do not constitute contiguous geographic areas and are separated by a belt of post-Soviet states, with the exception of the exclave of the Kaliningrad *oblast* bordering Poland. Soft security concerns, with the rise of globalisation interdependence, demand concerted bilateral and multilateral efforts on the part of governments and non-governmental actors. Although the pressure on either side from any major non-military calamity (such as, for example, illegal migration, refugee flows or environmental disasters) could be limited, the indirect effect on either side could be significant. In the economic sphere, both Russia and Central Europe remain significantly interdependent due to the energy infrastructure. Russia continues to be the main energy supplier of the CE states. What is more, all existing and expanding energy

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[7] *Nezavisimaya gazeta*, 19 January 2000.

export routes from Russia to the West run through the territories of these states. In addition, Russia's exclave region of Kaliningrad, as already mentioned brings another dimension to Russian-Polish security relations in a number of areas. Apart from being a major 'hard' security concern for Poland and the Baltic states, the Kaliningrad region remains one of Europe's most problematic areas, especially in light of the impending EU enlargement. The *oblast* presents a shopping-list of every possible societal, economic and environmental problem. For Russia, in addition, the region poses the problem of how to sustain its existence as an integral part of the Russian Federation within the rapidly changing situation in the region. On the whole analysis of Russian policy towards CE in the soft security area, which took on a greater salience after the end of the Cold War, could provide an indication of the degree of qualitative change in Moscow's perception of the world outside its borders and of how it is adapting to such changes, and what consequences these have on the foreign and national security policy formation process in Russia.

When judged against Russia's relations with the CE states in the 'hard' security domain, ties in the 'soft' security dimension seem to be marred by fewer contradictions and underwent a relatively dynamic development for most of the last decade. This chapter attempts to find an explanation for such uneven dynamics on the two levels of relations and looks at whether cooperation in the non-conventional security sphere helps support stable relations on a high political level and shape changes in the 'hard' security sphere. The chapter is organised thematically around the main areas of common ground that Russia and the Central European states under discussion find in their 'non-political' bilateral relations. The analysis begins with the examination of economic cooperation between Russia and CE in the last ten years, from 1991 to 2001, and proceeds with a discussion of the implications of CE joining the EU for Russia and its relations with the CE

region and an enlarged EU. EU enlargement - unlike the relatively inconsequential NATO one - can create very serious problems for Russia. These range from a dramatic change in the terms of trade with some of Russia's traditional commercial partners, to the virtual isolation of the Kaliningrad enclave, which could be cut off from the rest of the country by a "Schengen curtain". As Dmitri Trenin wrote, "Real and painful division from the rest of Europe is looming, unless the enlargement takes Russia into consideration."[8] The second part of this chapter looks at the way Russia has dealt with the challenges and promises of EU enlargement. This aspect of Russia-CE relations may prove to be pivotal to the future of Russia and Europe.

Russia–CEE economic relations in the 1990s

Economic factors in Russian foreign and security policy

With the end of the Cold War economic security issues are playing an ever more important role in both political perceptions and international relations.[9] A widened security agenda goes beyond military-political aspects, and now incorporates a much more complex set of security threats. The new security concept assigns particular importance to trade and financial relations and to institutional integration. In Russia, as was demonstrated above, the importance of economic security was continuously underlined in a string of discussions, declarations, statements and documents.

Despite the short-lived character of Kozyrev and Gaidar's international institutionalism as the determining analytical concept underlying Russian national security priorities and

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[8] Dmitri Trenin, "Russia-EU Partnership: Grand Vision and Practical Steps."
[9] Hans-Herman Höhmann and Christian Meier, "Conceptual, Internal, and International Aspects of Russia's Economic Security," in Alexei G. Arbatov, Karl Kaiser, and Robert Legvold (eds.) *Russia and the West. The 21st Century Security Environment*, (New York, London: M.E.Sharpe for EastWest Institute, 1999), p. 77.

foreign policy, Moscow has continued to place significant emphasis on integration into the world economic system and cooperation with international financial and trade organisations as a means of transforming the Russian economy. In practical terms, opening up the Russian economy to the outside world and liberalising foreign trade has helped Russia 'stay afloat' after the disintegration of the Soviet Union and the break up of internal and intra-CMEA trading patterns.[10]

The arrival of a new stage of Russian foreign policy and the period of stabilisation on Russian political and economic arena by 1997 was largely based on the relative 'consensus' of various actors on future direction of the Russian state. The emphasis, however, remained on cooperation and integration with the outside world, albeit with a good measure of 'great power' rhetoric, lending the policy a more traditional cast.[11] Thus, according to Russia's first National Security Concept issued in 1997, Russia's internal threats arise from economic decline, instability and associated societal problems, which must be addressed through economic reforms.[12] While economic reforms are primarily an internal problem, their implementation could be eased by a non-threatening external environment and through hard currency earned from trade, the attraction of foreign direct investments, and Russia's integration into international economic institutions. This logic was prominent in all Russia's major foreign and domestic policy directives and national security and foreign policy concepts. In his 1998 annual address to parliament, President

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[10] The share of exports in GDP, for instance, grew from 15 percent in 1992 to 20 percent in 1996. By 1997, as much as 40 percent of food stuffs were imported, which raised concerns of a 'dangerous' dependence on food imports, and that such a degree of dependence could constitute a national security threat. See Andrei Kondakov, "Vneshnetorgovye rychagi ili kostyli?" in *Pro et Contra*, Vol. 2, No. 3, Summer 1997, http://pubs.carnegie.ru/p&c/Vol2-1997/3/06kondakov.asp, accessed on 04 November 1999.

[11] Celeste A. Wallander, "Russian National Security Policy in 2000", Memo No. 102. *Program on New Approaches to Russian Security Policy Memo Series (PONARS)*, January 1999.

[12] *Rossiiskaya gazeta*, 26 December 1997, pp. 4-5.

Yeltsin, for example, demanded the "economisation of Russian foreign policy."[13] In March 1999, addressing the Russian parliament, Yeltsin noted that:

> Russia's authority in the world, its foreign policy stature depends upon Russia's internal stabilisation and overcoming of economic crisis. At the same time, the success in achieving these goals depends upon an active foreign economic policy of Russia. ...It is impossible to create a solid economic foundation without integration of the Russian economy with the world market.[14]

Russia's newly elected President Putin, in his first annual address to the parliament, also concentrated heavily on the need to improve economic performance and on the dangers are in persistent Russian economic weakness. Putin warned, "The growing gap between industrialised countries and Russia is pushing us into the ranks of Third World countries."[15] The Russian president also stated that Russian foreign policy must be based on pragmatism and economic efficiency.[16] In his 2001 address to the parliament, Putin underlined the need for urgent implementation of wide-ranging structural, financial, legal and judicial reforms in line with international norms, joining international organisations such as the World Trade Organisation (WTO) – the achievement of Russian membership of which was proclaimed a priority – attracting investments and promoting trade.[17]

While analysing the formation of Russian foreign economic priorities and the effect of these on Russia's wider national security and foreign policy throughout the 1990s and especially within the context of Russia-CE relations, it is necessary to take into account changes that took place in the ownership structure after privatisation and the make-up of political and economic elites in Russia and their influence on the evolution and

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[13] *Poslanie Przsidenta Rossiiskoi Federatsii Federal'nomu Sobraniyu. Obschimi silami – k pod'emu Rossii.* (Moscow, 17 February 1998).
[14] "Iz Poslaniya Prezidenta Rossiiskoi Federatsii Federalnomu Sobraniyu, *Diplomaticheskii Vestnik,* No. 4, April 1999, p. 6
[15] *Vladimir Putin's State of the Nation Address to the Federal Assembly "The State of Russia: A Way to an Effective State".* RIA Novosti, 8 July 2000.
[16] *Ibid.*
[17] President Vladimir Putin's Annual Address to the Federal Assembly of the Russian Federation, Moscow, 3 April, 2001, <http://www.russiaeurope.mid.ru/RussiaEurope/speech7.html>

implementation of the country's foreign economic policy. The decision-making process in Moscow, among other things, was affected by the emergence of powerful new economic players, as well as the interests of new regional actors.[18] Among the new economic actors able to influence national policies were financial and industrial groups (FIGs) (some led by major banks), export-oriented gas and oil firms whose export lines were rapidly extending to Europe, internationally competitive enterprises in the armaments and aerospace industries, and a number of export-oriented and border regions.[19] These new economic actors are interested in modernisation and internationalisation of the Russian economy, which in its turn depends on a peaceful and cooperative international environment and closer, institutionalised ties with the West. Their support for international integration is driven by the profits they expect to receive from trade. According to their logic, the level of economic cooperation and the nature of relations with the West is important in that Russia's participation in multilateral fora and institutions such as the G-8 and WTO gives Russia's relations with the outside world a more predictable and stable character and lends Russian exporters a voice in the decisions made at that level. As the interests of these actors are profit related rather than political or ideological, and support a 'peaceful' foreign policy, they have a stabilising effect on Russia's overall foreign policy.[20]

In light of the above factors, the next section of the chapter looks at the development of Russian-CEE economic relations and their influence or relevance for the evolution of

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[18] Perovic, Jeronim, *Internationalisation of Russian Regions and the Consequences for Russian Foreign and Security Policy*, Working Paper No. 1, Project on "Regionalization of Russian Foreign and Security Policy," (Zürich: Centrer for Security Studies and Conflict Research, April 2000), p. 37.

[19] Hans-Herman Höhmann and Christian Meier, "Conceptual, Internal, and International Aspects of Russia's Economic Security," p. 78. See also Nikolai Sokov, "Domestic Structure, Economic Growth, and Russian Foreign Policy," in *Program on New Approaches to Russian Security Policy Memo Series* (PONARS), Memo No. 23, October 1997, <http://www.fas.harvard.edu/~ponars/POLICY%20MEMOS/Sokovmemo1.html>, accessed on 18 December 1998.

[20] Nikolai Sokov, "Domestic Structure, Economic Growth, and Russian Foreign Policy", see also "Business Elites and Russian Foreign Policy," in *Russia Beyond 2000*, ed. by Medvedev, Sergei (Helsinki: The Finnish Institute of International Affairs, 2000).

Russian national security and foreign policy and the country's total security environment since 1991

CE and Russian Economic Interests

Unlike bilateral political affairs, relations between Russia and the CE states in the economic sphere, despite various problems and chilly political relations, generally developed steadily in a positive direction, following the initial short period of steep decline. The decline was associated with the collapse of the CMEA trading regime in the aftermath of political and economic reforms in the socialist bloc, and transition to market based relations and re-orientation of trade by both Russia and the CE states towards the West. The speed with which trade between the former CMEA members collapsed and the obvious lack of any determination in the late 1980s to coordinate and smooth the effects of disengagement by the CMEA member states, was evidence of the artificiality and inefficiency of economic relations within the Soviet-era CMEA area.[21] The lack of a pre-Soviet tradition of significant trade ties and the primitive structure of that trade also highlighted the defectiveness of the Soviet-imposed trade system. In the period between the two World Wars Central and East European trade flows were heavily concentrated on the current EU member states. Trade with the Soviet Union, on the other hand, was negligible, accounting in 1928 for less than one percent of the total trade turnover of Romania, Bulgaria and Hungary, and for just over one percent of the trade of Poland and Czechoslovakia. Trade with Central and Eastern Europe accounted for only 2.5 percent of

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[21] Vladimir Drebentsov, "Impediments to Recovery of Russia's Trade with East European Small Economies", in Richard N. Cooper and János Gács, *Trade Growth in Transition Economies – Export Impediments for Central and Eastern Europe*, (Cheltenham, Edward Elgar, IIASA, 1997), p. 266.

Soviet exports and 2.8 percent of Soviet imports (mainly from Czechoslovakia) in 1927-28. By 1938 these shares had fallen to 1.6 percent and 1.5 percent respectively.[22]

Table 4 Trade of the CMEA members in 1928 (percentage breakdown by trade partners)

	CZECHOSLOVAKIA		HUNGARY		POLAND	
	Exports	Imports	Exports	Imports	Exports	Imports
Western Europe	63.9	66.3	63.1	52.8	75.2	66.3
Eastern Europe	16.1	14.3	27.1	35.2	17.2	9.9
USSR	1.3	1.0	0.4	0.3	1.3	1.0
Other	18.7	18.4	9.4	11.7	6.3	22.8
Germany	26.8	38.7	11.9	19.6	34.7	27.0
Austria	14.7	7.4	34.0	16.2	12.4	6.6
Czechoslovakia	-	-	17.6	22.4	11.8	6.3
Total	**41.5**	**46.1**	**63.5**	**58.2**	**58.9**	**39.9**

Source: Alan Smith, *International Trade and Payments in the Former Soviet/CMEA Area: Reorientation or Reintegration?* (London: RIIA, 1994), p. 24.

In the aftermath of World War II a radical shift occurred in both the political and the economic relations of the CE states. While their ties with Western Europe were significantly weakened, their links with the Soviet Union strengthened rapidly. In the trade sphere this manifested itself in the geographic reorientation of flows away from Western Europe towards the Soviet Union. Such a drastic change was one of the results of policy measures that led to the consolidation of the Soviet Union's sphere of influence in Central and Eastern Europe. By the mid-1980s, towards the end of the socialist period, intra-CMEA trade accounted for approximately 60 percent of its members' foreign trade.[23] As Table 5 demonstrates, in 1987 the level of dependence of the economies now constituting the Visegrad group on trade with the USSR and the other CEE partners was quite substantial.[24] These calculations show that exports to CMEA stood at 50.37 percent of total

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[22] Alan Smith, *International Trade and Payments in the Former Soviet/CMEA Area: Reorientation or Reintegration?* (London: RIIA, 1994), p. 11.

[23] Data from Lavigne, M., *International Political Economy and Socialism*, (Cambridge: Cambridge University Press, 1991).

[24] Alan Smith points out methodological problems in calculating CMEA trade data. The use of different price systems for measuring domestic national income, intra CMEA trade and trade with world markets makes it difficult to assess quantitatively the dependence of the Central East European economies on trade with other

exports to the countries of what is now known as the Visegrad Four, of which exports to the Soviet Union were 29.7 percent.[25] Such a disproportionate dependence on exports from the Soviet Union (mainly energy resources) put the CE economies in a disadvantageous position. The effect of such imbalance became particularly obvious when the CMEA system collapsed resulting in widespread energy shortages in CE with a knock-on effect on industrial production in the region's economies and rapid decline in trade with the former Soviet Union area.

Table 5 Poland, Hungary and Czechoslovakia: exports by area of destination, 1987

	DESTINATION (IN BLN USD)			CMEA AS PERCENT OF EXPORTS		
Country	Total	CMEA*	USSR	Total	USSR	CEE
Czechoslovakia	12.36	6.69	4.00	54.1	32.3	21.8
Hungary	9.58	4.79	2.94	50.0	30.7	19.3
Poland	14.09	6.63	3.66	47.0	26.0	21.0
Total	**36.03**	**18.11**	**10.60**	**50.37**	**29.7**	**20.7**

* Excluding Mongolia, Cuba and Vietnam

Source: Aggregated from data in Alan Smith, *International Trade and Payments in the Former Soviet/CMEA Area: Reorientation or Reintegration?* (London: RIIA, 1994), p. 25.

The relaxation of the Soviet political grip over the CE states in the late 1980s had already allowed CE to intensify trade and integration with the West. Similarly, Moscow was keen to benefit from trade with the West and to end the system of subsidies it administered in intra-CMEA trade. For Russia, in light of the deteriorating economic situation at home and in the CE region in the early 1990s, the Western energy market was seen as particularly attractive, with stable demand and high profits from oil and gas exports. For instance, in

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partners and the Soviet Union during the communist period. Even comparisons of relative degrees of dependence on intra-CMEA trade are difficult, as individual CMEA countries used different methodologies to record the value of trade with CMEA partners. The United Nations Economic Commission for Europe (UNECE) has tried to overcome these problems by re-estimating intra-CMEA trade flows at a common rouble-dollar rate. These calculations provide a far lower estimate of the significance of intra-CMEA trade than would be derived from Soviet or CEE trade statistics, and can be treated as lower bound estimate. See Alan Smith, 1994, pp. 11-12.

[25] A 'true' difference between degrees of export and import dependence may be greater, in that the import figures as calculated are more likely to underestimate dependence than the export data. Imports of energy and raw materials from the USSR have been effectively 'devalued' by the UNECE methodology, which used a common depreciated exchange rate for both imports and exports, reflecting the low quality specification for CMEA-area manufactured goods. See Allan Smith, 1994, p.12-13.

1988 the Soviet Union already took advantage of this and increased its exports of crude oil to the West by ten million tonnes at the expense of exports to CE. This step was taken to alleviate the mounting hard currency balance of payments crisis in the aftermath of the fall in world oil prices earlier in 1986. The Soviet Union's commitments to deliver needed oil supplies to CE was further compromised over the next three years as a result of a general slump in total Soviet oil production (which fell from a peak of 624 million tonnes in 1988 to 515 million tonnes in 1991, and only 449 million tonnes in the former Soviet area in 1992) and redirection of oil exports.[26]

The decision that as of 1 January 1991 all intra-CMEA trade would be conducted in convertible currencies would, it was believed, result in significant terms-of-trade advantages for the USSR and losses for Central Europe. In reality, intra-CMEA trade was destroyed. Oil deliveries were cut further and Soviet enterprises became reluctant or unable to buy manufactured goods from CE for hard currency. The CMEA was formally wound up in 1992. Table 6 demonstrates the extent of decline in Russian imports from the current Visegrad states,[27] which on average shrank by a factor of three and half by 1995.[28] The export of Russia's main commodity to the region – oil, had also substantially declined, reaching its lowest level in 1992.[29] The result of these changes was a steep decline in Russia's overall bilateral trade with the CE states and rapid re-orientation of trade flows from both sides towards the OECD area.

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[26]Alan Smith, 1994, p. 13.

[27] Within the Soviet Union, the RSFSR accounted for about 80 percent of the USSR's imports. This disparity has been taken into account when comparing current Russian trade with the Visegrád states and their trade during the communist time.

[28]As Table 4 demonstrates, the contraction has been uneven among the countries. These differences in the standings of the countries are attributed to each nation's specialisation in the Soviet/Russian market. See Vladimir Drebenstov, 1997, p. 267.

[29]N. I. Bukharin, "Russia-Poland," [Rossiya-Polsha], in *Russia and Central-Eastern Europe in the first half of 1990s [Rossiya i Tsentralno-Vostochnaya Evropa v pervoi polovine 90-kh godov]*, (Moscow: Russian Academy of Sciences, Institute for International Economic and Political Studies, 1997), p. 69.

Table 6 Share of Poland, the Czech Republic, Slovakia and Hungary in Russia's imports (in percent)

COUNTRY	(A) 1988	(B) 1995	DECLINE BY FACTOR (A)/(B)
Czechoslovakia	10.48	1.32/0.88[a]	4.8
Hungary	7.60	2.50	3.0
Poland	12.50	5	2.5
Total	**30.58**	**9.7**	**3.5**

[a] Czech Republic/Slovakia

Source: Aggregated from data in Vladimir Drebentsov, "Impediments to Recovery of Russia's Trade with East European Small Economies", in Richard N. Cooper and János Gács, *Trade Growth in Transition Economies – Export Impediments for Central and Eastern Europe*, (Cheltenham, Edward Elgar, IIASA, 1997), and N. I. Bukharin, "Russia-Poland," [Rossiya-Polsha], in *Russia and Central-Eastern Europe in the first half of 1990s [Rossiya i Tsentralno-Vostochnaya Evropa v pervoi polovine 90-kh godov]*, (Moscow: Russian Academy of Sciences, Institute for International Economic and Political Studies, 1997).

Return to a West-oriented pattern of trade and economic relations was determined by the same factors as the pre-CMEA era trade between the current CE states and the West and between Russia and the West. For Russia the prosperous West is the only source of stable and predictable trade relations, a region where Russia could competitively sell its natural resources, but also a source of much needed investments and know-how. The ideological factor has also played an important role in determining foreign economic relations in Moscow and the CE states since the end of the Cold War. For Russia, especially during the early 1990s, economic relations with the West and participation in multilateral economic fora (such as IMF, G-7 summits) were a very important symbolic factor – a manifestation of Russia's belonging to the civilized world and of the irreversibility of democratic and market reforms. For CE states, orientation to the West had a similarly important symbolic and practical value. However, the political factor had another dimension for CE in its relations with the West. First of all, economic integration with Europe (mainly with the EC, later the EU) was an integral part of the declared policy of a "return to Europe". Redirection of trade flows and the lack of political will to minimize the effects of the collapse of the CMEA trading system in the early 1990s also reflected CE states' long-term strategic preferences with regard to Russia. Yet turning away from each other did not mean that Russia and CE severed their economic ties completely. The legacy of the socialist past

created a network of dependencies that could not be abandoned overnight and basic economic rationality and the difficulties associated with finding a niche on highly competitive and saturated Western markets led to continuation and re-establishment of some old economic ties. Russia almost completely dominated the oil and gas market in CE due to the legacy of the Soviet energy infrastructure, established dependencies, and the lack of alternative sources at the time. For Russia, the CE region remains the only transit route for oil and gas exports to Western Europe.

The end of the CMEA era and the reforms that ensued produced further regional economic differentiation: the CE states become more disparate economically amongst themselves, and even more so when compared with Russia. However, despite being far harder hit than Russia as a result of trade disruption, CE managed to overcome economic slump faster, redirect foreign trade, and achieve better results than Russia in modernising their economies, increasing productivity and income.[30] Such disparities, and the changes that were taking place in both Russia and the CE states, affected economic cooperation. As the analysis that follows demonstrates, Russian officials, on many occasions, failed to appreciate the extent of the changes that were taking place, and continued to call for the restoration of old forms of cooperation.

While analysing Russian economic interests in CE since 1991, one has to take into account not only the changed geo-political and economic situation of both sides in relation to each other. Any such analysis also has to consider the specific interests of Russian economic actors and their influence on the direction of foreign policy, the specific features of each of the CE economies, the role of the region in Russia's broader policies of relations with the

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[30] Gerhard Mangott, "Russian Policies on Central and Eastern Europe: An Overview," *European Security* Vol. 8, No. 3 (Autumn 1999), pp. 55, 61.

rest of EU, and how the accession process of the CE states and their eventual membership of the EU have affected and are likely to affect Russian economic interests.

The states of CE also represent a diverse group of states with different geo-economic characteristics, economic potential and therefore economic interest for Russia. Russia pursued distinct economic policies towards each individual CE state. Economic ties between Russia and Poland, for example, were notably free from the upheavals present in their political relations, although the overall dynamics of economic cooperation were affected by slow progress on the political level and, from a Russian point of view, at times, excessive influence of political considerations, over economic expediency in the case of Poland. In the case of Slovakia, on the other hand, close political ties with Russia during most of the 1990s were strongly determined by economic considerations and led to atypically close (when compared with the rest of the CE states) political ties between Moscow and Bratislava. Hungary and the Czech Republic pursued a middle course, managing to avoid big political crises in bilateral relations with Russia, and negotiated pragmatic economic relations with it.

An overall glance at economic relations between Russia and the CE states in the ten years since 1991 reveals uneven development in bilateral ties, largely reflecting the state of political relations between the two sides: from a gradual recovery after the upheavals of the late 1980s and changes in the political and economic system, to a gradual 'settling of the dust' and re-assessment of mutual economic interests and establishment of relations based on economic pragmatism. The road towards relations determined by economic expediency proved to be difficult, burdened by a number of problems: lack of trust in Russia as a reliable partner, unresolved issues of Soviet debt, fear of political motives behind some

Russian proposals, unequal progress in economic reforms, inadequate infrastructure, and the poor legal and financial base for bilateral economic relations. On many occasions, as will be illustrated below, Russian officials demonstrated a lack of knowledge of the progress the countries concerned had made in reforming their economies, of their integration into the global economic system, of structural and systemic changes that took place within those states and, as a consequence, of their changed economic interests and preferences. Calls by some Russian officials for restoration of CMEA-era levels of cooperation with the CE countries, apart from being far-fetched and unrealistic, often provoked a negative reaction in the CE states, seeing in Russia's proposals 'imperial' ambitions. As the SVOP report on Russia and Central Eastern Europe commented, any suggestion of restoration of the former level of economic relations with the countries of the region looks comical, especially if one compares the economic potentials of the EU and the Russian Federation, their ability to be poles of attraction, and the intensity of economic and political ties with the CE countries.[31]

One explanation for the 'poverty' of Russia's knowledge of Central Europe, especially in the mid-1990s, lies in the fact that the Russian MFA lacked experts on the region, while the Kremlin and the Government as a whole were pre-occupied with domestic problems and relations with the more 'significant' West.[32] The old Soviet era staffers of the MFA operated on out-dated assumptions about the CE states, whose aspiration to join the EU and NATO fuelled Russia's indignation and contributed to the lack of clear foreign economic policy and of a realistic assessment of CE's potential for the Russian economy.[33]

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[31] Pavel Kandel, report, "Tsentralnaya i Vostochnaya Evropa i Interesy Rossii. Tezisy Doklada," *Sovet po Vneshnei i Oboronnoi Politike*, 1997 (http://www.svop.ru/doklad03.htm: accessed 28 July 1998), § 4.1.
[32] Aleksei Pushkov, "A Time for Gathering Stones," *Moskovskie novosti*, July 30-August 6, 1995.
[33] Waldemar Gontarski, "A Policy of Bluff: Do the Kremlin and the MFA View Poland Differently?" *Nezavisimaya gazeta*, 20 December 1995.

A number of Western and Central European scholars and policy-makers characterised Russia's policy towards the CE countries in the period 1989-97 as a 'mixture of dialogue, attempts to affect the NATO expansion process and efforts to re-assert and exploit Moscow's economic influence in the region for political ends."[34] Margarita Balmaceda argues that the first main objective of Russia's economic policy during the period was to prevent or delay the CE countries' integration into Western structures such as NATO or the EU. According to her analysis, when Russia realised that that goal looked increasingly unrealistic, Moscow's policy shifted to creating 'bridgeheads' of Russian state and private capital as springboards for subsequent expansion into Western Europe.[35] The above author's account of relations between Russia and CE provides no evidence of Russian policy explicitly or implicitly directed at undermining CE's bid to integrate with the West through economic levers.[36] In fact, in isolated cases where Russian officials alluded to possible economic reprisals if the CE countries proceeded with their bid to join NATO, both Russian officials and economic executives unambiguously distanced themselves from such statements.[37] The survey of primary source material and interviews with Russian experts conducted for this project likewise revealed no evidence of any policy directed at undermining CE's efforts to integrate with the West. From the mid-1990s Russia explicitly dropped its objections to CE countries' ambitions to join the EU. By the late 1990s Moscow started to call for joint Russia-CE-EU efforts to hold consultations to minimise the possible negative effects of EU enlargement for the Russian economy. As the following

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[34] Margarita M. Balmaceda, "Economic Relations and the Ukrainian-Central European-Russian Triangle," chap. *in On the Edge. Ukrainian-Central Europe-Russian Security Triangle* (Budapest: Central European University Press, 2000), p. 166.
[35] *Ibid.*, p. 166.
[36] Margarita M. Balmaceda, "Economic Relations and the Ukrainian-Central European-Russian Triangle."
[37] Well-publicised examples include a remark by Russian ambassador to the Czech Republic Ryabov threatening to sever gas supplies if Prague joined NATO. This was followed by rejections and distancing from the statement by Russian officials and re-assurances from Gazprom. (More on this event see Chapter 3). Waldemar Gontarsky reported another example, when the Kremlin reprimanded an unnamed Deputy Foreign Minister for threatening Poland with military force. See Waldemar Gontarski, "A Policy of Bluff: Do the Kremlin and the MFA View Poland Differently?" *Nezavisimaya gazeta*, 20 December 1995.

analysis demonstrates, on the whole Russia's economic policy towards CE in the period under discussion was reactive, rather than proactive. An exception can be made for the isolated case of Gazprom's policy of expansion in Europe, by default involving all the countries in CE. And even in the cases where controversy surrounded various inter-state economic or financial projects or deals, any suspicion had its roots in the shady dealings of various interest groups, rather than arising over some state policy of the Russian government. As chapter 3 of this thesis demonstrated, the period between 1991 and 2001 was a period of a number of shifts in Russian national security and foreign policy. None of these shifts produced a comprehensive Central Europe policy. Quite the opposite, relations between Russia and CE, on the whole, were of secondary importance, trailing behind the CIS, the EU/developed countries. The CE region's promotion to the centre stage of Russian foreign policy in the mid-1990s occurred by default, as a derivative of Russia's anti-NATO expansion campaign. Arguments to the effect that Russia tried to use its economic influence to obstruct the CE states' entry in NATO go against basic facts about Russian foreign policy and the degree to which Russian economic clout over the region diminished in the period under discussion. As Russia's conservative and authoritative SVOP think-tank concluded in its report on Russia's interests in Central and Eastern Europe, "Russia's internal situation [i.e. *meaning its economic and political weakness*], does not allow it to embark on any ambitious foreign policy mission, where the decisions were taken not on an economic but on a political basis."[38] As the authors of the report saw it, Russia's task was rather unambitious from an economic and political point of view: to

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[38] Pavel Kandel, report, "Tsentralnaya i Vostochnaya Evropa i Interesy Rossii. Tezisy Doklada," § 4.2 The SVOP, whose ambition is to influence Russian foreign policy, boasts a significant share of business representatives, see Hans-Henning Schroder, "El'tsin and the Oligarchs: The Role of Financial Groups in Russian Politics Between 1993 and July 1998", *Europe-Asia Studies*, September 1999, (retrieved from http://www.findarticles.com accessed 10 October 2001).

preserve and strengthen the existing position in the region, preventing it from turning into a 'belt of estrangement'.[39]

The following discussion of Russian economic relations with the region focuses on four main areas of Russian economic policy towards CE that feature prominently in bilateral economic relations and are significant elements in the economic policies of both sides: energy resources, trade, banking and finance, and armaments. These areas are closely interlinked, and the distinction is made for analytical purposes. Within the discussion of the identified sectors, the analysis is carried out on a country-by-country basis. It is important to note that the degree of prominence in Russia-CE relations of the individual sectors identified above varies, as does the prominence of one sector in Russia's bilateral relations, with individual states of CE. It is also worth mentioning that developments that took place within each sector were not necessarily determined by any specific objectives of the Russian government, but may rather have been brought about by the key actors within the identified sectors. The influence of some of the key players, especially those in the energy sector, such as Gazprom, for instance, is very considerable.

Energy Resources and Raw Materials. The Role of Energy Exports in Russia-CE Relations.

The export of energy resources and raw materials plays an important role in Russian foreign economic relations, constituting more than 50 percent of all Russia's exports.[40] By definition, this export-oriented sector of the Russian economy is interested in maintaining and developing export routes and a client base beyond Russian borders. Gas and oil sectors

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[39] *Ibid.*

[40] M.E. Yakovenko, "Ekonomicheskie Aspekty Intergratsii Rossii v Mirovoe Khozyaistvo," *Rossiya i Mezhdunarodnye Rezhimy Bezopasnosti* (http://www.mpsf.org/pub/intern/07.html: Moskovskii Obstchestvennyi Nauchnyi Fond, accessed 27 March 2000).

are particularly significant export-oriented players in the Russian economy and are believed to be Russia's most pro-European in outlook, advocating closer ties with the EU.[41]

Russia's gas industry is represented by a monopoly Gazprom, which unlike the highly fragmented oil sector holds a strong position in terms of its influence in the country and ties with the government. It is a joint stock company with 38 percent of shares belonging to the Russian government. Gazprom's chairman, at the time of writing is Dmitri Medvedev, is also deputy chief of the presidential administration.[42] The concern controls 95 percent of Russia's gas production and virtually all gas transportation infrastructure. The corporation is a world leader in gas production and export, controlling 35 percent of proven world gas reserves and produces up to 25 percent of world gas output.[43] Due to its sheer size and volume of production and exports, Gazprom is Russia's main foreign currency earner, receiving about USD8 billion annually from gas exports, and reportedly contributing 25 percent of the country's tax revenue.[44] Because of its weight in the Russian economy and its active role in domestic politics, Gazprom exercises considerable influence on the Russian government. As one study concluded, the interests of the Russian state and Gazprom are often seem as interlinked: "What is good for Russia is good for Gazprom", and vice versa.[45]

Europe is one of the most important areas of Gazprom's foreign economic activity. In the mid-1990s, when Russia's gas exports regained their pre-crisis levels, 63 percent of

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[41] 'Business Elites and Russian Foreign Policy,' pp. 11-15.
[42] *The St. Petersburg Times*, 4 May, 2001 (http://www.sptimesrussia.com).
[43] Aleksandr Shkuta, *Rossiiskii Gaz v Tsentralnoi i Vostochnoi Evrope* (Moscow: Delo i Servis, 1999), p. 69
[44] Floriana Fossato, "Russia: Government Pressure On Gazprom to Pay Taxes May Bring Results," *Radio Free Europe/Radio Liberty* (3 July 1998). See also "Kosovo May Trigger Gas War with Europe," *The Russia Journal*, Vol.3 No. 10 (http://www.russiajournal.com/printer/weekly919.html: 05-11 April 1999).
[45] 'Business Elites and Russian Foreign Policy', p. 12

Russian gas was delivered to Europe. More than 60 percent of this gas was exported to Western Europe and the remainder to Central Europe.[46] The level of overall dependency of the various regions of Europe on gas imports from Russia varies. In 2000, the European Union on average received 22 percent of its gas from Russia, whereas Central Europe's dependence on Russian gas was much higher – 63 percent on average.[47] At the same time, for individual countries, such as the Czech Republic and Slovakia, for instance, Russian gas accounts for 95-96 percent of all natural gas needs.[48] Overall, the four states of Central Europe under discussion take a delivery of almost 30 percent of Russia's gas exports.[49] Apart from being some of Gazprom's most important customers, the CE countries are a major transit zone for Russia's gas exports to the rest of Europe. Slovakia and the Czech Republic handle as much as 50 percent of Russia's natural gas exports delivered to Western Europe. The role of Poland in transit of Russian gas is due to increase when a new Yamal-Europe pipeline becomes fully operational.[50]

The Russian energy sector as a whole, and Gazprom in particular, therefore have a major interest in Central Europe. CE's role as a large importer of Russia's gas can only grow, if Gazprom manages to preserve its current presence in the region at the time when the CE states are moving closer to EU environmental norms and energy security standards. CE states' consumption of gas is predicted to grow as their economies are expanding and the new more energy-efficient technologies are used more widely. According to the Gazprom

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[46] Shkuta, *Rossiiskii Gaz v Tsentralnoi i Vostochnoi Evrope*, pp. 65, 69

[47] Irina Reznik, "Gazprom igraet chuzhuayu igru,"*Kommersant*, 03 October 2000, p. 4. Within the EU, Gazprom controls approximately 35 percent of German gas market, 24 percent in Italy, 28 percent in France, 72 percent in Austria, 100 percent in Finland. See *Vremya novostei*, 22 March 2001, p. 6.

[48] Aleksandr Shkuta, "Chtoby ne Oboshli Konkurenty. Rossiiskii Gaz v Tsentralnoi i Vostochnoi Evrope," *Faktor*, No. 5 (http://www.factor-online.com: GazOilPress, 2000).

[49] Calculations are made on the basis of data provided in Shkuta (see *ibid*). In 1999, the Czech Republic, Slovakia, Poland and Hungary imported 36.8 billion cubic metres of Russian gas out 126.8 billion cubic metres exported by Russia to 'far abroad'.

[50] Shkuta, 'Chtoby ne Oboshli Konkurenty.'

calculations, the share of natural gas in the energy consumption of the CE states will reach 34 percent, compared to 23 percent in 1989.[51] This in turn means that absolute levels of natural gas as main source of energy would increase. Gazprom has calculated that by 2010 CE will import 75-80 billion cubic metres of gas, almost twice the current level of gas imports.[52] In order to secure its presence in the region, Gazprom's policy is to negotiate long-term contracts with the countries concerned. However, in the long run, such a policy will start to encounter various problems as the CE countries' new energy security policy demands diversification of energy supplies. With this in mind, Gazprom predicts that its share in the CE gas market, despite the rise of absolute volumes of Russian gas consumed there, will decline. In order to secure its current levels of export to the region, Gazprom has pursued a comprehensive policy of developing its infrastructure in the region and securing long-term contracts.

Gazprom can be singled out as the only major Russian player in Central Europe that pursued a comprehensive long-term policy in the region. Starting in the early 1990s, Gazprom embarked on establishing its own Central European Industrial-Financial Group.[53] A main objective of this strategy is to secure a stable flow of Russian gas to the region and beyond, as well as to secure Gazprom's long-term presence in the rapidly changing energy market of Central Europe. This strategy has three main elements: first, the creation of joint ventures or trading houses in the countries to which gas is exported, so that gas can be delivered directly to the consumers; second, maintaining a safe, stable and guaranteed gas supply with the ability to control the volume of gas and its routes according to demand; finally, to attract investors and creditors for exploration and exploitation of new gas

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[51] *Ibid.*
[52] *Ibid.*
[53] *Ibid.*

sources in Russia. Central Europe, as will be seen, plays an important role in Gazprom's overall long-term strategy of expansion in Europe, a strategy that is strongly supported by the government.

However, Gazprom's strategy of expansion and take-overs in Central Europe, coupled with its lack of transparency, scant regard for minority shareholders and close ties with the Kremlin, provoked serious concern about a 'new threat from the East'. Some Central Europeans view Gazprom's policy in the region as a revived Russian drive for control, this time through corporate muscle and backroom deals.[54] However, as will be seen below, it is the very resistance offered by Central European governments, and their attempts to obstruct Russia's energy companies from tapping into the area's growing economies and open capital markets, which makes companies such as Gazprom less open about their moves in Central Europe. One example is Gazprom's acquisition of a quarter of the shares in Hungary's petrochemical company Borsodchem through an Ireland-registered subsidiary Milford Holdings Inc., without disclosing its connection to the company.[55] Actions like this also fuel Central Europeans' suspicions that Russian investments in the region may be linked to organised crime.[56] In a move to prevent the Russian giant increasing its influence in CE economies, some of the region's governments have resorted to blocking Gazprom's participation in privatisation processes, risking angering the EU by breaking the Union's rules about how state assets should be sold off.[57]

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[54] The St. Petersburg Times, 4 May, 2001 (http://www.sptimesrussia.com).
[55] "Russians' Westward Drive Provokes Resistance in Hungary, Poland," *Bloomberg*, posted on *Johnson's Russia List* No. 4678 (9 December 2000).
[56] *Ibid.*
[57] Jamie Dettmer. "European Dependence on Russia's Gazprom," *Insight on the News* (http://www.findarticles.com/cf_1/m1571/29_17/77074787/print.jhtml: News World Communications, Inc., August 6, 2001).

While the Russian energy monopoly's expansion in CE provokes concern, according to Russian officials and industry officials largely due to 'emotional' memories rather than for economic reasons, Gazprom pursues successful expansion and alliance-building elsewhere. in the recently liberalised gas markets in Western Europe, where it is not seen as a threat.[58] Gazprom's partners in Western Europe (Germany, France, Italy) were instrumental, as will be seen, in persuading some CE states to accept the Russian giant's plans to diversify its gas transportation routes.[59]

The issue of the diversification and liberalisation of the European energy market is expected to play a pivotal role in Gazprom's relations with the current and future member states of the EU. The dual process will also define Russia's overall economic ties with the EU and CE. Russia's reinvigorated dialogue with the European Union under Putin's presidency gave substance to various policies and provisions that were included in the 1994 *EU-Russian Federation Partnership and Cooperation Agreement* (PCA). The October 2000 EU-Russia Heads of State Summit in Paris saw the initiation of a regular *Energy Dialogue* between Russia and the EU. The ultimate aim of this dialogue is the signing of the EU-Russia Energy Partnership Agreement, to facilitate Russian energy export to the EU and promote transfer of EU technical assistance and investment for the Russian energy sector in return for its reform and increasing openness.[60] The institutionalisation of the energy dialogue has become one of the most solid aspects of Russia-EU relations so far, and is a manifestation of the importance that the EU attaches to Russia as a long-term energy supplier. A series of high-level Russia-EU meetings (May

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[58] *Kommersant*, 03 October 2000, p.4. See also "Changes Ahead for U.S.-Russian Relations," *Insight magazine*, June 25, 2001, posted on *Johnson's Russia List* No. 5284, 6 June 2001.

[59] *Moskovskie novosti*, No. 42, 24-30 October 2000, Internet version, http://www.mn.ru/2000/42/122.html accessed on 30 October 2000.

[60] "The EU-Russia Energy Partnership", *The EU Commission Energy and Transport Website*, http://europa.eu.int/comm/energy_transport/en/lpi_en_3.html , accessed on 09 January 2002.

2001 in Moscow, October 2001 in Brussels) produced a number of documents establishing a framework for Russia-EU interaction. Russia and the EU recognise the complementarities of their economies and changes that are taking place on both sides. Moreover, Russia and the expanding and reforming EU view their cooperation in the energy sphere not as an isolated process, but rather as a contribution to the building of a Common European Economic Area, a further decision on which was taken at the EU-Russia Moscow Summit in May 2001.[61] In the light of the 1998 EU decision to move towards a common EU energy policy and single gas market[62] and the importance which the EU attaches to Russia as a vital energy supplier, all this means that Russia will retain its place as one of the major players in the region's energy market in the foreseeable future.

While Gazprom expands its presence in Europe, creates alliances with other European gas companies and takes advantage of the liberalised European gas market, there are various things that worry the Russian gas giant. Gazprom is rather nervous about the possible consequences of energy market liberalisation and the coming into force of the Energy Charter Treaty.[63] It is worried about the shift towards short-term contracts and third-party access to its gas networks, which in its opinion would mean the erosion of external investments for the development of new gas deposits and infrastructure in Russia.[64] In this connection, it is interesting to note the EU's careful response to Russia's sensitivities when it comes to the energy sector. Despite the obvious preference that the EU Gas Directive

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[61]The Joint Declaration, The Seventh EU-Russia Summit (17 May 2001, Moscow), http://europa.eu.int/comm/external_relations/russia/summit17_05_01/statement.htm

[62]Directive 98/30/EC of the European Parliament and of the Council of 22 June 1998 concerning common rules for the internal market in natural gas, *Official Journal*, L 204, 21.07.1998, p. 0001 – 0012 http://europa.eu.int/eur-lex/en/lif/dat/1998/en_398L0030.html

[63] This treaty provides for the rules of the World Trade Organisation (WTO) to be applied to energy related trade with and among non-WTO countries which are not party to the Treaty. See "Energy Charter Treaty" in *Collection Juris International*, (http://www.jurisint.org/pub/01/en/doc/224_1.htm: accessed 28 August 2001).

[64] Yuri A. Komarov, "Diplomatiya i Ekonomika. Gazprom na mezhdunarodnom rynke," *Diplomaticheskii Vestnik*, No. 12 (December 2001), pp. 181-184.

gives to short-term contracts aimed at lowering gas prices and increasing gas supply security, the EU recognises the importance that Russia attaches to long-term agreement.[65] In the Joint Statement on Future Direction of the *Energy Dialogue* between the European Union and Russia, the EU acknowledges the importance of new transport infrastructures, among which are the interconnection of the European electricity networks, as well as the northern trans-European gas pipeline and the Yamal-Europe pipeline network through Belarus and Poland.[66] A number of gas pipelines projects diversifying the transit routes of Russian gas to Europe are among the EU's Trans European Networks priority projects.[67] These projects will further guarantee Russia's position as a key energy supplier to Europe and will give CE reassurance in their own contacts with Russia's energy suppliers.

Like the EU, Russia is concerned with developing a diverse energy transportation network to avoid dependence on a single route. In this regard, the construction of the Yamal-Europe gas network via Belarus and Poland will not only increase the volume of gas flow from Russia to Europe, but will also relieve Moscow of dependence on Ukraine as the only transit route for this gas. Thus Russia and the EU are pursuing a parallel objective of establishing a secure and diverse gas network across and to Europe. Such mutual interest not only brings Russia and the EU closer together in practice, but also gives a new dimension to Russian-CE economic relations. The plan to construct an additional Yamal-Europe pipeline via Poland to Slovakia bypassing Ukraine elicited concerns in Poland. The main reason for concern in Warsaw was that the geopolitical and economic role of Ukraine as a single export route of Russian gas to Western Europe so far and Warsaw's strategic

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[65] Joint Statement on the EU-Russian Federation Energy Dialogue, Brussels 03-10-2001 - Press: 342 - Nr: 12423/01, http://europa.eu.int/comm/external_relations/russia/summit_10_01/dc_en.htm#nrg

[66] *Ibid.* See also the European Commission Directorate-General for Energy (DG XVII) document on "Trans-European Energy Network. Policy and Actions of the European Community," 1997.

[67] *Ibid.*

ally, would significantly diminish as a result.[68] Such examples highlight not only new economic configurations in CE and Russia, but also point to the greater complexity and interdependence of political and economic relations. For that reason, it is hard to underestimate the role that Central Europe will play in Russia's energy expansion in Europe. The natural gas sector, being one of Russia's most European oriented and export driven, in combination with the EU's growing demand and Central Europe's transit location can be looked at as one of most important and defining elements in Russian-CE relations.

Russia's oil sector, despite being powerful in Russia's domestic context and one of the biggest employers and contributors to the federal and regional budgets, does not exercise the same foreign policy clout as Gazprom. The Russian oil industry is represented by a number of independent companies, which are in a constant state of flux, mergers, acquisitions and restructuring.[69] Moreover, their influence is further constrained by the existence of the state-owned transportation company Transneft as the sole proprietor and operator of the entire system of Russian oil pipelines.[70]

In their foreign policy orientation, Russian oil companies are less Europe-focused than the gas industry, as their strategic priorities lie mainly in Asia. Russian oil firms increasingly look at China and Japan as the key strategic markets. Nevertheless, for the time being Russian oil companies still regard Europe as their main foreign market.[71] Since 1991, Russian oil exporters have increasingly shifted their export drive from the countries of the

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[68]Semen Bukchin, "Gazprom shagaet po Evrope," *Russkaya mysl'*, No. 4342 (http://www.rusmysl.ru/2000IV/4342/434211-2000Nov23.html: 23 November 2000).
[69] "Business Elites and Russian Foreign Policy," in *Russia Beyond 2000* series, ed. by Medvedev, Sergei (Helsinki: The Finnish Institute of International Affaitrs, 2000), pp. 14-17.
[70] As a natural monopoly, Transneft is required by federal law to guarantee equal access to the pipelines for all oil producers *Ibid.* p. 16.
[71] *Ibid.* p.14.

former Soviet Union (FSU) and Central and Eastern Europe to Western Europe. The share of net exports to countries outside the former Soviet Union rose from 53 percent in 1992 to 87 percent in 2000, and the share of net exports to former Eastern Bloc and Soviet Union countries decreased.[72] At the same time, unlike gas exports, Russian oil exports are less dependent on Central Europe as key transit routes. The majority of Russian oil is exported via terminals in the Baltic Sea (until recently the majority of Russian crude oil was exported via Ventspils port in Latvia and Butinga in Lithuania) and the Black Sea (mainly Novorossiisk). Russian crude oil is also exported to Europe via the 1.2-million bbl/d capacity Druzhba pipeline through Ukraine and Slovakia, the Czech Republic, Poland, Hungary, and Germany. Russia's recent oil export record was broken in 2000 when the country exported a total of 4.37 million bbl/d of crude oil and petroleum products.[73] In other words, as much as 27 percent of Russian crude oil is being exported via this route.

Unlike Russia's gas sector, its oil export structure lacks reverse dependency with Central Europe. The world oil sector overall differs from the gas one in its greater flexibility of supply routes and larger number of suppliers.[74] It is not surprising therefore, that Russia's oil producers, whose income largely depends on export levels, support Russia's pro-European orientation. The oil industry's main interest with regard to Russia's policy towards Europe lies in securing a positive international image for the country in order to attract investment and maintain a stable client base. In Western Europe, one of the main consumers of Russian oil is Germany, receiving up to 15 percent of all Russia's oil exports, Italy – 7 to 10 percent, and the Netherlands – 2.5 –3 percent. Central Europe

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[72]"Russia: Oil and Gas Exports," *Energy Information Administration* (http://www.eia.doe.gov/emeu/cabs/russexp.html#OIL: accessed 12 October 2001).

[73]*Ibid.*

[74] Yakov Pappe, "Neftyanaya i Gazovaya Diplomatiya Rossii," *Pro et Contra*, Vol. 2 (http://pubs.carnegie.ru/p&c/Vol12-1997/3/04pappe.asp: accessed 11 April 1999: Moscow Carnegie Center/Carnegie Endowment for Peace, Summer 1997).

remains one of Russia's key oil export destinations, with Poland consuming from 9 to 13 percent of all Russian oil exports, Hungary and Slovakia – 4.5 to 5 percent each, and the Czech Republic gets 4 – 4.5 percent of Russian oil.[75]

The main Russian oil companies coordinate their export quota and pricing of crude oil exports through a coordination scheme, introduced by the Russian Energy Ministry in early 1997.[76] Among the key Russian oil companies that operate in Central and Eastern Europe are LUKoil, which has been in charge of delivering and pricing crude oil shipped for, among others, the Czech Republic, Sidanco – for Poland, Yukos – for Hungary, and Slavneft – for Slovakia.[77] These companies are among the leading Russian oil companies, and make up the backbone of the Russian petroleum industry. However, one cannot talk of a single strategy of these companies towards advancing their interests in the various regions of Europe and influencing the Russian government. These companies in some cases compete with each other in Central European markets through building alliances with local refineries and distributors.[78] At the same time, their general strategy is to divide their spheres of interest in Central Europe, along the lines of the Russian domestic oil market.[79] As far as the industry's influence on foreign policy decision-making is concerned, the highly fragmented and diverse Russian oil companies rely mainly on direct contacts and lobbying in the government.[80] Some of Russia's largest and westernised oil companies

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[75] Mikhail Zhuravlev, "Evropeiskie rynki mogut okazat'sya tesnymi dlya rossiiskoi nefti," *RusEnergy.Com* (http://www.rusenergy.com/politics/a15022001.htm: acccessed 22 March 2001: RussEnergy.Com, 15 February 2001).

[76] Eugene Khartukov, "Massive Shakeup for Russia's Oil Companies," *The Russian Journal Special Report. Oil, Gas and Energy*, June 22-28 2001, p. 21.

[77] *Ibid.*

[78] *Kommersant*, 06 February 2002, p. 5.

[79] *Kommersant*, 12 February 2002, p. 8.

[80] Pappe, 'Neftyanaya i Gazovaya Diplomatiya Rossii'.

such as LUKoil, for example, apply significant influence on foreign policy decisions at the level of bilateral relations, where their interests are directly affected.[81]

Russia's electrical power industry is another potentially important actor in Russian-Central European/European economic relations. At the moment, however, Russia's electricity monopoly, the joint stock company Unified Energy Systems of Russia (or widely referred to in Russia as RAO EES) has limited relations with Europe. However, this sphere of RAO EES activities is set to grow and play a vital role in bringing Russia into the common European energy space. RAO EES is also interested in liberalisation of the EU energy market.[82] The EU Trans-European Energy Networks plan envisages connecting the Russian electricity grid to CENTREL and UCPTE systems in Central and Western Europe.[83] In its bid to establish its presence in Europe the RAO EES has joined forces with transit countries such as Belarus, Ukraine and Poland. In October 2000, for instance, the RAO EES connected a new electricity grid it had built in Belarus to export electricity to Germany via Poland.[84]

Although the RAO EES is just beginning its Europe-oriented export activities, it can become a potentially important player in the European energy sector. Its ability to influence Russia's foreign policy direction also has a potential to grow. The RAO EES as a monopoly providing electricity nation-wide has big political clout. Some former government officials are in the company's management: its CEO, Anatoli Chubais – an architect of Russian privatisation, a well-know liberal reformer with pro-Western attitude –

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[81] 'Business Elites and Russian Foreign Policy'. p. 17.
[82] "Novaya Eksportnaya Politika i Strategicheskoe Napravlenie Razvitiya Eksporta," *RAO "EES Rossii"* (http://www.rao-ees.ru/ru/international/polit.htm:accessed on 09 December 2001).
[83] *Ibid.* See also European Commission Directorate-General for Energy (DG XVII) document on "Trans-European Energy Network." Policy and Actions of the European Community," 1997.
[84] *Dmitriya Donskogo, 1*, 5 May 2000, (Kaliningrad), p. 1.

was Russia's Deputy Prime-Minister and the Chief of Yeltsin's Presidential Staff at various points.

The final important player in the Russian energy sector that has a significant economic interest in Central Europe is the nuclear industry. Military and civilian personnel who espouse opposing political views represent this sector: the former are nostalgic for state control and the planned economy, while the latter group is reconciled to the market and an open economy.[85] The Soviet/Russian nuclear industry used to have strong ties to the CE market, catering for the supply and storage of nuclear fuel to the region's nuclear power stations. However, it has seen its position eroded in the region in the last decade as the Central European states introduce EU regulations and norms. Its position in Central Europe is facing further long-term difficulties as the CE states adopt EU energy market liberalisation norms. According to some experts, the nuclear sector in CE will experience the same problems that affected its Western counterpart: "there will be strong disincentives to choose nuclear technology over much cheaper and less risky technologies such as gas technology."[86]

Russian-Polish Energy Relations.

The energy dimension is one of the key areas of Russian-Polish economic relations. Of all the CE states under discussion, Poland is the most important country in Russia's European energy policy and its importance in this area has increased since the late 1990s. However, the very scale of Poland's dependence on Russia's energy materials has been at the centre

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[85] 'Business Elites and Russian Foreign Policy', p. 24.
[86] Tony Weslowsky, "EU: Energy Deregulation May Be Bad News For Nuclear Power," *Radio Free Europe/Radio Liberty*, 01 November 2000, (http://www.rferl.org/nca/features/2000/11/01112000154626.asp: accessed 12 December 2000).

of numerous political discussions in Warsaw, making bilateral cooperation between Russia and Poland in this area highly politicised and complicated.

In 1944 Poland became the first CMEA country to receive natural gas from the USSR. From then, the volume of gas imports grew consistently, reaching a peak in 1990 – 8.4bn cubic metres (cu m).[87] After a slump in the gas trade associated with the collapse of the CMEA and the USSR, and general economic decline in the CE states (in 1994 Poland imported only 6.4bn cu m of gas from Russia), the level of gas imports from Russia rose once more, reaching 7.5bn cu m in 1997, but shrank again to 6.9bn cu m in 2000.[88] The share of Russian gas in Poland's overall gas consumption stands at approximately 65 percent; the remaining 35 percent is produced domestically.[89] Compared to the other CE states, the share of natural gas in total energy consumption in Poland is relatively low, accounting for as little as 8.6 percent.[90] In Hungary, for instance, the share is 40 percent, 34 percent in Slovakia, and 18 percent in the Czech Republic.[91]

Poland uses coal to cover more than 66 percent of its energy needs, making it one of the most coal dependent countries in the world.[92] However, in 1990 Poland adopted a policy aimed at increasing the use of gas in its energy economy. In 1996 the Sejm adopted General Guidelines on Energy Policy until 2010, which calculated that gas consumption in Poland would increase from 10.5bn cubic metres (cu m) in 1995 to 22-27bn cu m in 2010,

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[87] Shkuta, *Rossiiskii Gaz v Tsentralnoi i Vostochnoi Evrope*, p. 105.
[88] *Ibid*; see also Yuri Vyakherev, "Rossiiskii Gaz v tsentral'noi Evrope," *Neftegazovaya Vertikal'*, 06 April 2001, pp. 46-51.
[89] *Finansovye izvestia*, 10 February 1998.
[90] Jan Ptashek, "Strategiya Obespecheniya Pol'shi Gazom," *Problemy Teorii i Praktiki Upravleniya*, No. 2 (http://www.ptp.ru.issues/2_99/14_2-99.htm: accessed on 17 August 2000, 1999).
[91] The share of gas in total energy consumption in Great Britain is 27.7 percent, in Italy – 26.1 percent, Germany – 18.2 percent, and France 13.2 percent. See *ibid*, also Shkuta, *Rossiiskii Gaz v Tsentralnoi i Vostochnoi Evrope*, p. 105.
[92] "An Energy Overview of the Republic of Poland," *Fossil Energy International*, U.S. Department of Energy (http://www.fe.doe.gov/international/plndover.html: accessed on 12 February 2002).

and its share in total energy consumption would reach 13-14 percent.[93] Even this projected figure fell far behind EU recommendations, which suggest that the energy sector relies on a varied range of fuels in which the share of one type should not exceed 30 percent.[94] Nevertheless, it was in part due to such optimistic predictions and policy guidelines that Poland negotiated with Gazprom a Yamal Agreement in 1996 to supply the country with 250bn cu m of natural gas for 25 years, reaching 14bn cu m per year by 2010 via a new pipeline, which was also to make Poland a major transit route for Russian gas to Western Europe.[95]

As noted before, almost all Poland's imported gas comes from Russia. In the 1990s, most of the Russian gas in Poland was delivered within the framework of the two key agreements reached between the then USSR and Poland. The first, the Orenburg Agreement, signed in 1974, provided for a delivery of 2.8bn cu m of gas a year from 1976 until 1998. The Yamburg agreement, signed in 1987, stipulated the delivery of 2.5bn cu m of gas per year to Poland until 1998. Thus, Russia was supplying Poland with 5.3bn cu m of gas on a commercial basis. In addition, Russia would deliver an extra 1.5 to 3bn cu m of gas, depending on demand, in payment for Poland's participation in constructing the pipelines and developing the gas fields in Russia. Extra volumes of gas were also delivered in payment for Polish goods and equipment.[96]

As the duration of these contracts was coming to an end, Russia and Poland signed a letter of intent in 1993 to build a Yamal-Europe gas pipeline mentioned above. After four years

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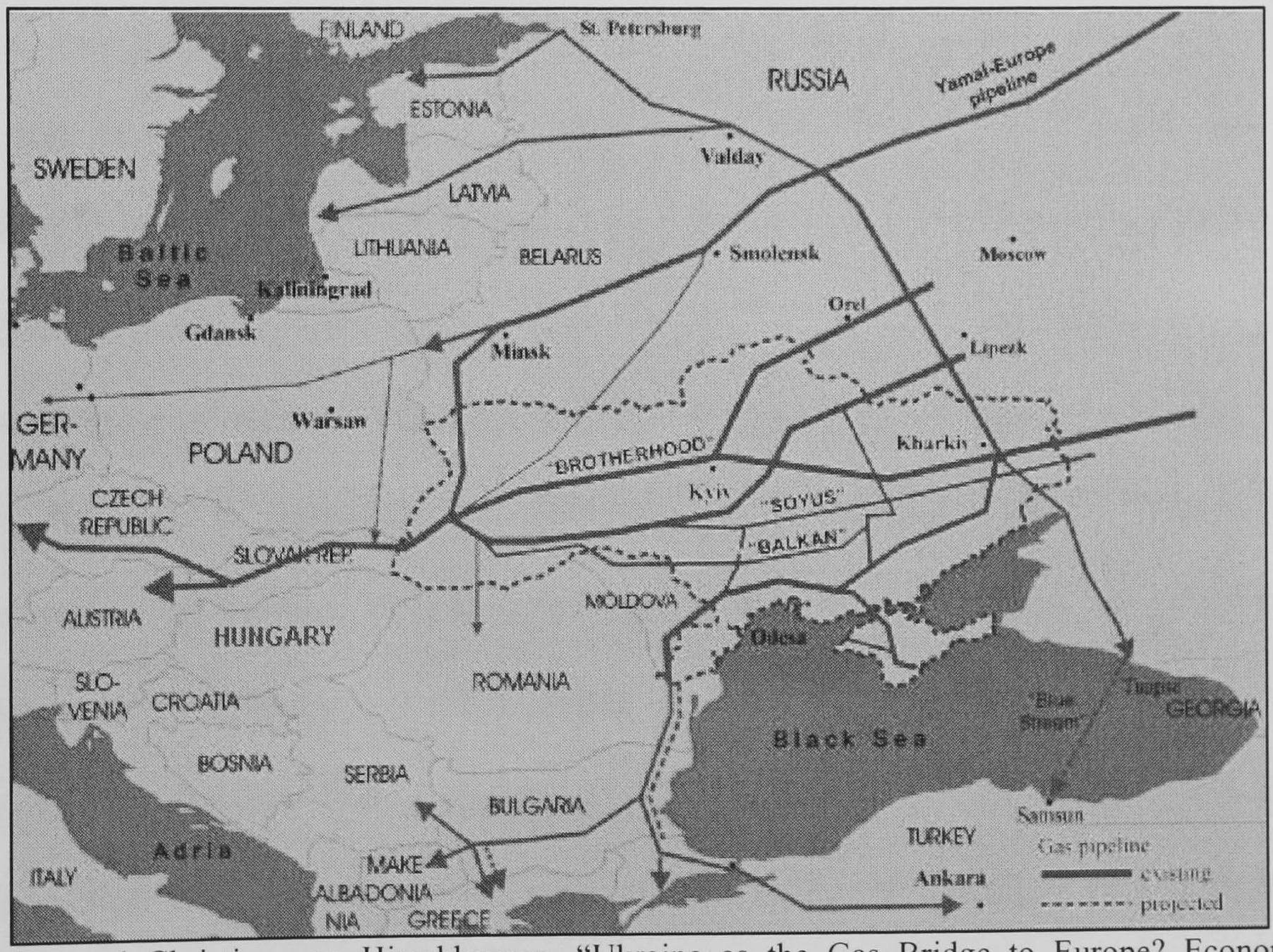
[93] Ptashek, 'Strategiya Obespecheniya Pol'shi Gazom'.
[94] Andrzej Ratajczyk, "Russian Gas," *The Warsaw Voice - Business*, No. 19 (498) (http://www.warsawvoice.pl/v498/Busi07.html: 10 May, 1998).
[95] *Finansovye izvestia*, 10 February 1998.
[96] *Ibid*.

of negotiations, the two governments signed a contract in Warsaw in September 1996, which contained provisions for supplying Poland with 250bn cu m of natural gas over a period of 25 years. At the time of the signing, the then Polish Industry Minister Klemens Scierski hailed the project as the largest of its kind in Europe and called it 'the deal of the century', arguing that the terms of the contract were good for Poland.[97] The total cost of the 4000km 'Yamal-Europe' gas pipeline, originally projected to consist of two parallel pipelines, was estimated to be about USD35bn, while the cost of constructing the 670km Polish sector was USD2.5bn. It would have the capacity to carry 65.7bn cu m of gas from the Yamal peninsula to Western Europe.[98]

Map 1 Gas transit pipelines from Russia to Central/Western Europe



Petra Opitz, and Christian von Hirschhausen, "Ukraine as the Gas Bridge to Europe? Economic and Geopolitical Considerations" Working Paper No.3 (Kyiv: Institute for Economic and Policy Consulting, October 2000), p. 5.

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[97] Lidia Sosnowska-Smogorzewska, "Hooked Up to Russia," *The Warsaw Voice - Business*, No 40 (415) (http://www.warsawvoice.pl/v415/Bus00.html: 6 October 1996).
[98] Shkuta, *Rossiiskii Gaz v Tsentralnoi i Vostochnoi Evrope*, p. 111; See also *Financial Times*, 13 February 1996, p. 33.

It is interesting to note that Poland was the first among the CE states to conclude such a major long-term contract. It came at a time when Russian-Polish political relations were worsening and issues such as energy security and diversification of its sources were featuring high on the political agenda in Poland. It is difficult to point out what exactly persuaded the Polish authorities to enter into such a weighty economic and political agreement with Russia, given its highly sensitive security nature. However a number of arguments, economic in nature rather than political, seem to have swayed the decision in Russia's favour. First of all, despite the fears of falling into energy dependency on Russia, which the Polish opposition interpreted as 'new Russian expansion,'[99] Russian gas remained the most logistically accessible and cheapest source of natural gas. In the long-term, no other alternative source would be able to provide the volume of gas needed, as the Polish economy was predicted to expand and require more gas. Second, the above-mentioned Yamburg and Orenburg agreements, guaranteeing the delivery of gas to Poland throughout the 1980s and 1990s, were coming to an end and necessitating a new framework for gas supplies from Russia. Third, unlike the previous agreements, Poland was not required to participate in financing the construction of the "Yamal-Europe" pipeline outside its borders. Poland only contributes 15 percent of the cost of constructing the pipeline on its territory – a share proportionate to the amount of gas Poland will take for its own consumption from the total carried by the pipeline.[100] Previously, for instance, the construction of the Yamburg pipeline cost Poland USD 700 million.[101] Fourth, once the pipeline is operational, Poland will become a major transit route, which will bring with it not only significant added revenue, but also the added security of stable gas supplies and a potential increase in Poland's bargaining power vis-à-vis Russia. However the latter

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[99] *Segodnya*, 2 February 1995, p. 1.
[100] Jan Ptashek, "Strategiya Obespecheniya Pol'shi Gazom," *Problemy Teorii i Praktiki Upravleniya*, No. 2 (http://www.ptp.ru.issues/2_99/14_2-99.htm: accessed on 17 August 2000, 1999).
[101] Ratajczyk, 'Russian Gas'.

argument of reverse dependence did not persuade some Polish politicians. The issue of excessive dependence on Russia for gas energy and controversy surrounding the implications of constructing the Yamal-Europe pipeline featured largely in Poland's domestic political battles, and dominated the two countries' bilateral relations in the late 1990s and well into 2000-2001.

Various politicians in Poland questioned the suitability of having such a pipeline running through the country and making Poland structurally dependent on Russian gas. According to some Polish analysts and politicians, such dependence would put into question Warsaw's commitment to European integration and become an obstacle on the path to Poland's integration into the EU and NATO. Some of them argued that in "Poland's relations with such a country as Russia, that only recently dominated the whole region, one cannot separate economy from politics. The lessons of history dictate a cautious approach."[102] Polish politicians exploited the issue in their domestic battles, invoking arguments about a possible threat to national security. Leader of the opposition movement *Reconstruction of Poland* Jan Olszewski, for instance, argued that if relations between Russia and the NATO states worsened, 'the complete dependence of Poland on natural gas supplies from a single source – Russia – may have incalculable consequences for our economy.'[103]

Some politicians and observers in Poland also saw in Russia's plan to build the Yamal-Europe pipeline across Poland an attempt to limit the leverage that Ukraine enjoyed until then as the main transit route for Russian gas. Polish observers 'discovered' in Russia's plans a calculated policy of 'taming' Ukraine by constructing a 'bypass', which would take

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[102] *Zycie Warszawy*, cited in Kobrinskaya, *Rossiya i Tsentralnaya Vostochnaya Evropa Posle*, p. 134.
[103] *Warsaw PAP*, 26 March 1999, FBIS-EEU-1999-0330.

away from Kiev one of its key areas of leverage in its relations with Moscow. In the 1990s Ukraine handled about 95 percent of Russia's gas export to Europe (the remainder passing through a low-pressure pipeline between Kobrin, in Belarus, and Warsaw, in Poland).[104] Up to 115bn cu m of Russian gas a year is carried via Ukraine, whereas the capacity of this Soviet-era built 'Bratstvo' (Brotherhood) pipeline is 180bn cu m. If the existing pipeline operated at full power it could easily accommodate the additional volume that Russia wants to divert via the new Yamal-Europe pipeline. However, since Ukraine's independence, relations between Kiev and Gazprom have become increasingly tense and complicated. Kiev used the pipeline as the main bargaining chip in its dealings with Russia. According to Moscow, Kiev demanded excessive transit fees, despite having accumulated enormous debts for the consumed gas (in 1999 Gazprom demanded USD 2.2bn, whereas Ukraine insisted that the figure was far lower – USD 1.5bn). But most importantly, Gazprom accused Ukraine of illegal withdrawal of gas from the system and threatening the security of gas supplies to Europe.[105] The Ukrainian government admitted the fact that as much as 8.2bn cu m of gas was withdrawn without authorisation in 2000 alone.[106] Although the Yamal project was conceived in the late 1980s and was later significantly altered, problems with the transit through Ukraine gave more urgency to constructing an alternative pipeline. Gazprom also took a decision that in the long-term no more than 40 percent of its gas export should be transported through any single country.[107] In 1999 construction of one pipe of the Yamal-Europe pipeline was completed. However, its capacity was only half of the projected level, as only two out of five envisaged

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[104] Margarita Mercedes Balmaceda, "Gas, Oil and the Linkages Between Domestic and Foreign Policies: the Case of Ukraine," *Europe-Asia Studies* (March 1998), see also Petra Opitz, Christian von Hirschhausen, Working Paper No.3, "Ukraine as the Gas Bridge to Europe? Economic and Geopolitical Considerations," (Kiev: Institute for Economic Research and Policy Consulting, October 2000), p. 4.
[105] *Ekho planety*, 2000, (http://www.explan.ru/archive/2000/45-46/s1.htm, accessed on 20 December 2000)
[106] Mezhdunarodnoe Energetichkoe Agentstvo, *Energeticheskaya Politika Rossii. Obzor 2002*, (Paris: International Energy Agency, OECD, 2002), available online at http://www.iea.org, p. 169.
[107] *Ibid*, p. 169.

compressor stations were installed. In 2000 Poland started to receive some of its gas via the Yamal pipeline, while Germany took a delivery of 10-14bn cu m of Russian gas.[108] Installation of the remaining three gas compressing stations, which would allow the first stretch of the Yamal-Europe pipeline to operate at full capacity (33bn cu m) was one of the key issues in Russian-Polish gas talks, a decision on which the Polish government made dependent on amending the 1996 Yamal agreement, changes in EuRoPol Gaz management, and an increase in Yamal-Europe transit fees.[109]

In 2000 Gazprom started looking for alternative ways of further reducing its dependence on transit through Ukraine by finding new routes for transporting gas to Europe, utilising the existing network of pipelines and routes in Slovakia and the Czech Republic. This could be achieved by constructing an additional pipeline connecting the newly built Yamal pipeline in Poland with the existing gas export network in Slovakia. The 'bypass' would deliver Russian gas to Europe by a traditional route while circumventing Ukraine. In late 2000, Gazprom together with German Ruhrgas and Wintershal, French Gaz de France, and Italian SNAM signed a framework agreement on constructing a southern branch of the Yamal pipeline to be laid across Poland from Belarus and into Slovakia, with an annual capacity of 60bn cu m.[110] It is important to note that the initial decision on the bypass was taken without consultation with Warsaw.

Poland's reaction to the news was immediate and negative. The then Polish Prime Minister Jerzy Buzek stated: "Nothing about us without us".[111] Added to this indignation was a perception in Poland that Russia wanted to drive Ukraine into a corner, leaving Ukraine

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[108] *Ibid*, p. 169.
[109] *Vremya novostei*, 15 April 2002.
[110] *Sme*, 09 December 2000, FBIS-WEU-2000-1215.
[111] *PAP*, 31 October 2000, FBIS-EEU-2000-1031.

without the last remaining bargaining chip in its relations with Moscow. However the official justification for Poland's concern over depriving Ukraine of its near monopolistic position on Russian gas export to Europe was that the loss of revenue in Kiev would spell economic collapse for Ukraine. Officially, Warsaw stated that it was not against an alternative to the Ukrainian route, but that the project should not harm the interests of Ukraine.[112] Ukraine's losses are potentially substantial, estimated to be hundreds of millions of USD per year in pre-tax profits, and reaching as much as USD 3 to 5bn in discounted profits.[113]

Russia's response to Polish worries did not in any way help ease Warsaw's concerns. Press reports as well as commentaries by some Russian officials displayed a condescending attitude towards Polish anxieties, mocking Poland's traditional fear of its big neighbour and its attempts to see more than simply an economic rationale behind Gazprom's moves. The Russian magazine *Ekho planety* (an ITAR-TASS weekly magazine) quoted *Zycie Warszawy* as saying that building an additional Yamal-Europe pipeline bypass would spell the end of Ukraine's independence and would mark the return of imperial Russia to the Polish borders.[114] The Russian authors argued that Poland's position on Ukraine as its strategic ally makes the Yamal-Europe pipeline a direct threat to Ukraine's sovereignty, and Warsaw is prepared to turn a blind eye to Ukraine's unauthorised withdrawal of Russian gas, as long as its independence is not compromised.[115] Poland's initially negative position was also explained by the early approach of the Russian government. Russia's Vice Premier Viktor Khristenko reportedly upset his Polish counterparts by arguing that

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[112] "Miller, snova Miller i Rossiisko-Pol'skoe gazovoe sotrudnichestvo," *Neft' i Kapital*, 18 February 2002.
[113] Petra Opitz, Christian von Hirschhausen, Working Paper No.3, "Ukraine as the Gas Bridge to Europe? Economic and Geopolitical Considerations," (Kiev: Institute for Economic Research and Policy Consulting, October 2000), p. 15.
[114] *Ekho planety*, 2000, (http://www.explan.ru/archive/30/diary.htm accessed on 20 December 2000).
[115] *Ibid.*

Russian gas is needed in Germany, France and Italy. By this Khristenko implied that the final decision on whether the pipeline is built or not would not be taken in Poland, Ukraine or Belarus, but rather in these EU countries.[116] As Russia's pro-government *Izvestia* put it, 'Poland, like Ukraine and Belarus, is a mere pawn in the chess game of Russian gas export to Western Europe. And there's a very powerful queen in the game – Germany and its Ruhrgaz, Gazprom's strategic partner. In political and economic terms Poland is very dependent on Germany. There are firm grounds to believe, therefore, that on this occasion Germany is not going to be on Poland's side.'[117]

It is likely that concerns over Ukraine being deprived of its near monopoly on Russian gas transit provides only a partial explanation for Poland's reluctance to allow the construction of the additional pipeline. Gazprom's bypass plan could potentially undermine Warsaw's strategy of gas import diversification. Despite already being tied up by a long-term contract with Gazprom (which in the light of the downward revised projection of gas demand made Poland's search for alternative large-scale gas imports meaningless) the Buzek government signed a provisional agreement with Denmark and Norway in 2000 on constructing a BalticPipe.[118] The project envisaged construction of an underwater pipeline from the Norwegian gas deposits to Niechorze in Poland. It was also planned that Norwegian gas would be delivered to Croatia, Bulgaria, Hungary, and possibly Ukraine. If Gazprom's bypass project is realised, then, according to Jerzy Nowakowsky, an international affairs

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[116] *Kommersant*, 13 February 2000.
[117] *Izvestia*, 13 February 2000.
[118] "Miller, snova Miller i Rossiisko-Pol'skoe gazovoe sotrudnichestvo.," *Neft' i kapital*, 18 February 2002, pp. 52-57; In the mid 1990s Poland projected that gas demand in the country would reach 22-27bn cu m a year by 2010. Domestic producers were anticipated to supply 4.6bn cu m of gas, Gazprom's share was to reach 43 percent of gas demand, that is up 14bn cu m by 2010. However, due to lower than expected economic growth, the Polish government's near term gas consumption forecast are nearly one quarter lower – 12.7 – 13.7bn cu m of gas by 2005. See Paul Shockley, "Poland, Russia Closer on Gas Deal." *Warsaw Business Journal* (Http://www.wbj.pl: New World Publishing, Inc., 22 April 2002).

advisor to the Polish Prime Minister, the BalticPipe project and, more importantly, Poland's diversification plans, might become redundant.[119]

Poland continued to procrastinate over completing the construction of its stretch of the original Yamal-Europe pipeline, putting off negotiations with Gazprom on installing additional compressing stations to take the pipeline up to its projected capacity.[120] As mentioned above, the Polish government tied the issue of completing the pipeline project to clarifying the status of the EuRoPol Gaz company, which was jointly created by Russia and Poland in 1993 to construct the pipeline. The legal constraints in Poland at the time did not allow the establishment of a joint stock company with fewer than three legal parties. Gazprom and the Polish Oil and Gas Industry (*Polskie Górnictwo Naftowe i Gazownictwo* – PGNiG) formed a partnership with Gaz Trading Company. Gazprom and PGNiG had control of 48 percent of EuRoPol shares each, while the remaining four percent was given to Gaz Trading. The problem, which surfaced later, was that Gaz Trading, also a joint stock company, was created by Gazprom's Gazexport company, which owned 35 percent of the shares, PGNiG controlled 30 percent of the company, and the Polish Coal company Weglokoks and German Wintershall had 5 percent. The remaining 25 percent belonged to a Polish company Bartimpex. Bartimpex was set up and controlled by Aleksander Gudzowaty, one of Poland's richest people and a friend of Gazprom's CEO Rem Vyakhirev.[121] The Buzek government was unhappy with the way EuRoPol was managed. By 2001 Bartimpex was reportedly in control of 36 percent of the shares of EuRoPol, which in view of the close ties between Bartimpex and Vyakhirev gave Gazprom a controlling stake over EuRoPol management making PGNiG a minority shareholder. In

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[119] *Den'*, 25 October 2000.
[120] "Miller, snova Miller i Rossiisko-Pol'skoe gazovoe sotrudnichestvo.," *Neft' i kapital*, 18 February 2002, pp. 52-57.
[121] *Ibid.*

March 2001 the Polish government planned to redistribute the four percent of the shares of EuRoPol belonging to Gaz Trading between Gazprom and PGNiG. The shareholders meeting did not take place in the end, as Gazprom made its participation in the meeting conditional on a resolution of the question of further financing of the first stretch of the Yamal-Europe pipeline.[122] In their turn, the Polish government sent a "pro memoria" to their Russian counterparts saying that it wanted a solution to all controversial issues pertaining to EuRoPol Gaz and removal of Gaz Trading, i.e. Gudzovaty, from its management.[123]

The head of Bartimpex, an opponent of the Buzek government and a 'Russophile' with close links to Gazprom's head, also ran into disagreement with the government over its plans to diversify gas supplies. As we have seen, starting in 1998, the Polish government began talks on the possibility of starting gas deliveries from Denmark and Norway. In July 2001, the Dutch company Dansk Olie og Naturgas (DONG) signed an agreement to deliver 16bn cu metres of gas, 2 bn each year, in 2003-2010. The two sides had also agreed to create a BalticPipe consortium to built a pipeline across the Baltic seabed from Denmark to Poland. However, from the very beginning this project had a number of weak points. The project would have gone into force only if PGNiG and DONG could secure an agreement with a joint company DUC, owned by Maersk Oil, Shell and Chevron Texaco, to provide the gas. Even with the DUC gas, the 'BalticPipe' would use only a quarter of its capacity, and the partners also needed to secure supplies from the Norwegian government.

Gudzovaty, head of Bartimpex, was pushing for an alternative 'diversification' route. Bartimpex, supported by Ruhrgas, offered to build a pipeline from German Bernau to the

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[122] *Ibid.*
[123] *Rzeczpospolita*, 4 June 2001, FBIS-EEU-2001-0604.

Polish Szczecin that would cost only USD 100 million to build and would be able to carry up to 2.5bn cu m a year of gas of any origin, including from Norway or Denmark. However, the government-led talks on alternative gas sources, as well as Poland's desire to diversify "at any cost" made it possible for the Danish and Norwegian negotiators to put forward some conditions that in the final analysis made the project economically unsound. Even in the last days of the Buzek government some analysts saw no sense into entering in such an agreement. Since winning the elections in September 2001, the new left-wing government of Leszek Miller, seemingly more inclined to cooperate with Russia, has been looking for ways to walk away from the Danish-Norwegian agreement.[124] With the arrival of the new government, Poland in general became more friendly towards Moscow. The Miller government changed PGNiG management: Andrzej Lipko, the head of PGNiG and a strong supporter of diversification, was replaced with Mikhail Kwiatkowski, former head of the coal company Weglokoks, a government sympathiser and an associate of Gudzovaty.[125]

While the government of Buzek was trying to delay the resolution of the issues pertaining to completion of the first stretch of the Yamal pipeline and find alternative sources of gas, Russia launched an unprecedented high-level diplomatic 'offensive' to persuade the Polish to agree to build the 'bypass', southern branch of the Yamal pipeline. While arguing the economic reasons for and benefits of operating the Yamal pipeline at its full capacity by constructing an additional by-pass trunk route to Slovakia across Poland, Russia also tried to put pressure on Warsaw. Gazprom argued that it had completed a feasibility study of a variety of ways of taking Russian gas to Europe, bypassing both Ukraine and Poland. An

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[124] Paul Shockley, "Poland, Russia Closer on Gas Deal," *Warsaw Business Journal* (http://www.wbj.pl: New World Publishing, Inc., 22 April 2002).
[125] *Op. cit.*

alternative pipeline could be built across the Baltic Sea, using what was known as the Nordic Gas Grid (NGG), in cooperation with Finland's Fortuma company. In November 2000, the Russian Foreign Minister argued that he did not wish to, and indeed could not, exert pressure on Warsaw, but declared that "if some kind of political reasons make it impossible to make a decision, then Russian gas will be sent by a route bypassing Poland."[126]

At the time of writing it is still unclear whether the bypass pipeline will eventually be built or not. The two sides seem to be willing to pursue a more constructive dialogue. A combination of factors could account for this state of Russian-Polish 'gas' relations. The new government of Leszek Miller, Democratic Left Alliance (SLD), is seen as more pro-Russian and is less inclined to use anti-Russian rhetoric for political reasons. Secondly, the new government has strong links with Bartimpex, which in its turn has strong ties with Gazprom and Ruhrgas, two of the most powerful companies in the European energy sector, with strong links to their national governments.[127] Third, Russia and the EU have moved towards a comprehensive and substantive energy dialogue, which, despite the EU's policy of energy liberalisation and supply security, designates Russia as the key gas source for years to come. Fourth, in contrast to the Yeltsin administration, the new Russian leadership has become Gazprom's major lobbyist in Central Europe and beyond. These changes are associated in part with further 'economisation' of Russian foreign policy, as described in Chapter 2, changes in Russian foreign policy under the Putin leadership, and increased government control over Gazprom. All these factors, will continue to determine for the foreseeable future the character of Russian-Polish relations, and not only in the gas sector.

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[126] *PAP*, 30 November 2000, FBIS-EEU-2000-1130.
[127] *Rzeczpospolita*, 6 July 2001, FBIS-EEU-2001-0706.

The years 2000-2002 witnessed an unprecedented rise in prominence of the gas issue and its internationalisation in Russian-Polish bilateral relations. The events of these years also showed that the Russian authorities had begun to pay far closer attention to the economic side of foreign policy, at least in relations with the CE countries.

As was noted before, the Russian oil sector, despite being important in Central European markets, and in Poland in particular, maintains a markedly lower political profile, than its gas counterpart. As described above, the Russian oil sector is very fragmented and oil exports are being undertaken by half a dozen different leading companies, which coordinate their export activities with the Russian government. Sidanco, one of these companies, is responsible for the majority of oil exports to Poland, while Lukoil is also responsible for a substantial share of oil exports. Russian oil supplies as much as 90 percent of Polish oil consumption, 15 million tonnes in 1999, and 17.5 and 18.6 million tonnes in 2000 and 2001, that is about 9-13 percent of all Russian oil exported to Europe.[128] The issue of heavy dependence on Russian oil is less controversial than that of gas, due to the fact that their structural dependence on Russian oil is not as rigid as that of gas. Poland is moving towards meeting the EU's requirements to maintain a 90-day reserve capacity, which would allow Poland, or any other country, to find alternative sources in case of an emergency, or if current supplies discontinued. At the moment, Poland has a 30-day oil reserve capacity, and is planning to invest USD1.5bn to meet the EU regulations.[129]

The supply of crude oil is not the only way in which the Russian oil sector is represented in

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[128] Nikolai Bukharin, "Rossiisko-Pol'skie Otnosheniya," in *Rossiya i Tsentral'no-Vostochnaya Evropa: Vzaimootnosheniya v Kontse XX Veka*, ed. by Glinkina, Svetlana, Igor Orlik, Boris Shmelev (Moscow: IMEPI, 1999), p. 76. See also Mikhail Zhuravlev, "Evropeiskie rynki mogut okazat'sya tesnymi dlya rossiiskoi Nefti," *RusEnergy.Com* (http://www.rusenergy.com/politics/a15022001.htm: accessed 22 March 2001: RussEnergy.Com, 15 February 2001); Dmitri Fedotov, "Vozvraschenie v Evropu," in *Neft' Rossii*, 16 August 2001, pp. 77-79.

[129] Bukharin, 'Rossiisko-Pol'skie Otnosheniya,' p. 76.

Poland. In 1998 Lukoil expressed an interest in constructing a chain of petrol stations in Poland.[130] Lukoil also plans to expand its presence in the Polish oil market by increasing the amount of oil exported to Poland.[131]

Another important aspect of cooperation between Russia and Poland in the energy sector is with regard to electricity networks. Russia started to take the first steps in the direction of exporting electricity to Europe in the late 1990s. Poland plays an important part in Russia's strategy to participate in the European electricity market, both as a consumer of Russian electricity and also as an important transit link. In 2000 The Russian electricity monopoly RAO EES started to export electric power to Poland and on to Germany. According to the head of RAO EES Anatoly Chubais, Poland is Russia's strategic partner in its drive to break into the European energy market.[132] Furthermore, Chubais and then Polish Vice-Premier Steinhoff announced that a joint working group consisting of representatives of Russia, Poland, Belarus and Lithuania would work on a joint electric energy development plan for their countries.[133]

As the above analysis demonstrated, natural gas issues dominated Russian-Polish relations in the energy sector. It also showed that serious political obstacles hindered the expansion of Russian economic interests, despite their economic soundness. The evidence presented here points to the fact that the successful pursuit of Russia's economic interests in Central Europe remains subject to bilateral political relations. Substantial expansion of Russian energy (and even maintaining its current level in the Polish market) is still viewed in some quarters in Warsaw as a continuation of a Russian tradition of imperial expansion, this time

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130 *NG-Politekonomiya*, (*Nezavisimaya gazeta* supplement), 18 May 1998.
131 *Vremya novostei*, 14 December 2001, p. 5.
132 *Dmitriya Donskogo, 1*, (Kaliningrad), 5 May 2000. p. 1.
133 *Vremia novostei*, 15 April 2001, p. 4.

by economic means. The discussion that follows shows that such a state of affairs is not unique to Russian economic activities in Poland, but symptomatic of Russia's economic relations elsewhere in CE, particularly in the energy sector. The degree of politicisation of these relations, however, is not as significant as in Poland. The study of Russian-Polish energy relations has also demonstrated that the level of cooperation between the two sides depends on the political make-up of the Polish government. As the following section shows, Moscow's relations with Bratislava in the energy sector have also been highly controversial and subject to domestic political clashes.

Russian-Slovak Energy Relations.

The natural gas sector and the related gas industry is the most important branch of the Slovak economy. Slovakia has the second densest gas distribution network in Europe after the Netherlands, and the consumption of natural gas represents almost 32 percent of primary energy consumed.[134] Slovakia is also almost wholly dependent for its natural gas supplies on Russia, and it is the second largest natural gas transit country in the world (after Ukraine). In 1998, for instance, 80 percent of Russia's total gas exports to CE countries and 25 percent of the total gas transported to Western Europe from Russia transited Slovakia via the Soviet-built 'Brotherhood' gas pipeline.[135] Slovakia's strategic location, its existing gas transport infrastructure inherited by the country after the separation with the Czech Republic, determined in many ways the nature of Russian-Slovak economic relations in the 1990s. Gazprom chairman Rem Vyakhirev's visit to Slovakia in January 1993 underlined Slovakia's importance as a major consumer of Russian gas, but more importantly as key transit country. Slovakia became the first CE

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134 Nathalie Francouer (ed.), "The Role of Natural Gas in Europe." *EU Enlargement Watch* (http://www.energy-eu.com: October 2000).
135 *Ibid.*

country to be visited by such a high-level Gazprom delegation. The results of the visit were reported in an official memorandum signed by the visiting Russian Premier Chernomyrdin and the Head of the Slovak Government, Meciar, in March 1993.[136] The memorandum described a plan to establish a joint company to be set up by Gazprom and Slovak enterprises and referred to Gazprom's interest in participating in the forthcoming privatisation of Slovak industry.[137]

During the transition period following Slovakia's separation from the Czech Republic, Russian natural gas deliveries to Slovakia and transit agreements were based on short-term contracts. However, in April 1997 Gazprom and the Slovak Gas Industry (Slovenský plynárenský priemysel, SPP) signed a long-term contract for the delivery of 90bn cu m of Russian gas from May 1997 to December 2008. The agreement also specified the amount of natural gas to be transported through the Slovak gas network to Western Europe – 700bn cu m of Russian gas was to transit Slovakia in the space of ten years.[138]

Yet, despite providing Slovakia with steady and long-term income from gas transit, the Slovak government came under opposition attack for apparently succumbing to Gazprom pressure in such a way as to make Meciar's earlier plan for gas supply diversification unworkable.[139] The signing of the agreement heralded an important achievement by Gazprom – the new long-term gas supply contract made Slovakia solely dependent on

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[136] Olga Afanasyeva, "V 'Pesochnitse' Gazovykh Baronov Evropy Svoi Igry," *Faktor*, No. 2 (http://www.factor-online.com/plain/page513.html: GazOil Press, 1998).
[137] *Ibid.*
[138] *Ibid.*
[139] M.O. Kopytina, "Rossiisko-Slovatskie Otnosheniya vo Vtoroi Polovine 90-kh Godov," *Vneshnyaya Torgovlya*, No. 05-06, (28 December 2001), pp. 24-29; See also Michael Lelyveld, "Gazprom Finds Export Route through Slovakia," *RFE/RL*, 22 March 2002.

Russian gas supplies for the foreseeable future. In 2000, 97 percent of Slovakia's gas imports came from Russia.[140]

The policy that the Meciar government developed toward Russia in the 1990s gave Gazprom a favourable basis for implementing two important parts of its CE strategy, namely setting up joint ventures to sell and distribute Russian gas, and putting in place mechanisms to guarantee the safety and stability of the gas delivery system. As noted in the previous chapter, Meciar's pro-Russian tilt in foreign policy had considerable economic motives, and was supported and lobbied for by a large group of leaders of unreformed Slovak heavy industry with which the Meciar government was closely associated. Economic justification for the return 'to the previous level of bilateral economic relations' between Slovakia and Russia was officially provided by Meciar's strategic vision of Bratislava as one of Europe's main trade centres, linking East and West.[141] Slovak analyst Alexander Duleba, a critic of the Meciar leadership, concludes that this grand vision of Slovakia as a bridge between the East and the West was no more than a grand illusion. Other analysts suggested that Russia 'cunningly encouraged' the Meciar government's pro-Russian orientation so that it could maintain its position in the CE energy market.[142] Whichever way one looks at Russian-Slovak economic relations, both sides extracted significant benefits from cooperation in the energy sector. While, as was noted above, Russia's Gazprom used favourable conditions in Slovakia to maintain and strengthen its position as the only gas supplier to that country, rendering any attempts by

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[140] Lelyveld, 'Gazprom Finds Export Route through Slovakia'.
[141] See Alexander Duleba, "The Slovak-Ukrainian-Russian Security Triangle," in *On the Edge. Ukrainian-Central European-Russian Security Triangle*, ed. by Balmaceda, Margarita M. (Budapest: Central European University Press, 2000), pp. 86-87.
[142] Balmaceda, 'Economic Relations and the Ukrainian-Central European-Russian Triangle,' p. 176.

Bratislava to diversify its gas import sources impractical, the Slovak economy also benefited from close relations with Russia.

One result of Meciar's effort to re-build 'the previous level of bilateral economic relations' was that he secured for a time a low price for imported Russian energy resources. In 1993 Slovakia became the only non-CIS country to participate in what is known as the 'Surgut Agreement' with observer status. The Surgut Agreement dealt with practical cooperation between the CIS countries (except Turkmenistan) to develop Russian gas and oil exports on a multilateral basis. The participants used a bilateral system of price formulation between Russia and each partner. Although the details of contracts signed within the Surgut Agreement framework were kept secret, it is believed that 'Surgut' prices for gas and oil were half of world levels.[143] Although the Surgut Agreement was no longer effective after the end of 1994, big companies close to both the Russian and Slovak governments continued to follow the pricing 'rules' agreed upon in 1993.[144]

Low prices for Russian energy provided a considerable boost to the Slovak economy in the mid-1990s. The difference between world energy prices and special CIS prices became an indirect form of Russian investment in the Slovak economy, allowing it to earn more foreign currency than would otherwise have been possible and making Slovak goods more competitive on foreign markets. About 20 to 30 percent of the largest Slovak companies benefited from cheap Russian energy resources and their elites were among the strongest supporters of Meciar's 'special' relationship with Moscow.[145]

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[143] Duleba, 'The Slovak-Ukrainian-Russian Security Triangle', p. 88.
[144] *Ibid.*
[145] *Ibid.*

However, despite the generally rapid growth of Slovak exports in 1993-1995, Meciar's pro-Russian economic policy brought about negative results for the Slovak economy: 1996 saw a major economic crisis associated with an astonishingly rapid rise in Slovakia's negative trade balance. According to some estimates, in the first ten months of 1996, 77 percent of this negative trade balance was due to the import of Russian natural gas and oil; this figure grew to 87 percent by the end of 1996.[146] Moreover, having benefited from cheap Russian raw materials and energy, Slovak industry was reluctant to embark on the comprehensive restructuring process needed to make it more competitive, becoming heavily dependent on Russian resources and vulnerable to changes in Russian markets. When in 1996, on the recommendations of the IMF, the Russian government introduced changes to the level of export duties on crude oil and gas exports, the prices Slovaks had to pay for Russia's strategic raw materials reached almost world levels. This hike in the level of prices had a negative effect on the Slovak economy, where the previously profitable monopoly Slovnaft, which imported and processed Russian oil, reported big losses. Domestic energy prices rose as a result, leading to price rises in all other sectors.[147]

Despite this negative outcome for the Slovak economy, the Meciar government ruled out the possibility of diversifying energy imports, claiming that "…we could not find a more advantageous supplier of energy nowadays. This is due to the existing transport system; at the same time, we are not ready to accept other prices."[148] To tackle the problem of the negative trade balance with Russia, brought about by the import of large volumes of Russian energy and raw materials, Slovakia responded to Russia's idea of establishing a

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[146] *Hospodárske noviny*, 30 December 1996, pp. 1, 10; quoted in Duleba, 'The Slovak-Ukrainian-Russian Security Triangle', p. 90.
[147] *Ibid.*, pp. 90-91.
[148] *Hospodárske noviny*, 6 September 1996, p. 2; quoted in Duleba, 'The Slovak-Ukrainian-Russian Security Triangle', p. 91.

free trade zone and a number of institutions to facilitate the improvement of the trade balance.[149] It is worth noting that the idea of creating a free trade zone between Slovakia and Russia was first aired by Russian Prime Minster Chernomyrdin during his visit to Bratislava in February 1995. The establishment of the free trade zone was made conditional by the Russian side on the setting up a 'common free trade house' – an intergovernmental institution to provide a framework, support the functioning of various companies and facilitate mutual trade. According to Slovak sources, the basis for such a 'common trade house' would be the creation of a joint stock company controlling the transit of Russian natural gas via Slovakia to Western Europe.[150] At the time the Slovak government resisted Russia's pressure to create the joint company on conditions suggested by Gazprom – that both sides should have 50 percent ownership of a company that would purchase gas for Slovakia and regulate the Slovak domestic gas market.[151]

In 1995 the Slovak government resisted Russia's call to create a joint company on terms unfavourable to Bratislava. In 1997, when the consequences of the trade imbalance with Russia on the Slovak economy had become all too obvious, Meciar restarted talks with Moscow about creating a joint gas company. In the economic circumstances of the time, Russia's proposals for creating a free trade zone, liberalising trade and establishing a gas joint company as a mechanism for overcoming the negative trade balance looked very appealing to the Slovak government. It is difficult to know whether the Russian government genuinely believed it was possible to create a free trade zone with the Slovak Republic, which was already bound by its Association Agreement with the EU (which puts restrictions on free trade agreements with other parties), Customs Union with the Czech

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[149] More on free trade zone and Russian-Slovak trade relations in the next section of this chapter.
[150] *Národná obroda*, 8 March 1995, p. 3, quoted in Duleba, 'The Slovak-Ukrainian-Russian Security Triangle', p. 91.
[151] Quoted *ibid.*, p. 92.

Republic and by its membership in CEFTA and the WTO. What is clear is that Russia's Gazprom, heavily promoted by Russian Prime Minister Chernomyrdin took a big step forward by persuading the Slovak side to establish Slovrusgaz – a joint Gazprom-SPP company. Although the exact details of the deal, and of the sphere and scope of Slovrusgaz activity, were not released, speculation surrounding the deal provoked sharp criticism from the Slovak opposition. The then opposition leader Mikulas Dzurinda argued that the joint company with Gazprom would mean a financial loss for Slovakia and was a signal "that we have succumbed to huge political and possible financial pressure".[152] Dzurinda further alleged that the joint venture with Gazprom would split the profits Slovakia currently earns from transit of Russian gas across Slovakia.[153]

As details subsequently made available revealed, by creating a new joint company, thanks to heavy lobbying by Russia's Prime Minister Chernomyrdin, Gazprom managed to establish an even stronger hold in Slovakia and to put a stop to any attempts by Bratislava to diversify its sources of natural gas, at least for the foreseeable future, something that Gazprom was not able to prevent the Czech Republic from doing. The newly created company Slovrusgaz, equally owned by the Slovak SPP and Gazprom, was empowered to trade with gas that was in excess of existing capacities, as well as to manage the expansion of existing and construction of new gas networks in Slovakia. Moreover, to help improve Slovakia's balance of trade with Russia, the two sides agreed that up to 40 percent of payments for Russian gas delivered as a part of Slovrusgaz's operations was to be paid for in Slovak goods.[154] Fending off attacks by the opposition, Jan Ducky, General Director of

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[152] "Slovakia: New Gas Director Linked to Russian Deal," *RFE/RL* (02 April 1997).
[153] *Ibid.*
[154] Jolyon Naegele, "Slovakia: Natural Gas Agreement with Russia Criticised," *RFE/RL* (22 May 1997), see alsoOlga Afanasyeva, "V 'Pesochnitse' Gazovykh Baronov Evropy Svoi Igry," *Faktor*, No. 2 (http://www.factor-online.com/plain/page513.html: GazOil Press, 1998).

the SPP and an advisor to the Slovak Prime Minister, argued that setting up the joint venture saved the country "tens of millions of dollars", as the price of gas negotiated with Gazprom was significantly lower than that paid by Slovakia's neighbours – Poland and the Czech Republic.[155]

Whatever benefits Slovakia obtained from the deal with Russia, Gazprom seems to have been an obvious winner. Even after the changes in the political leadership of the country in 1998, Slovakia did not move to diversify its sources of natural gas. The strong position it had in the country's gas market allowed Gazprom to further increase its weight in the region when SPP was put forward for privatisation in the end of 2001, and put any prospect of diversification even further on the backburner. When the Slovak government put 49 percent of the SPP up for privatisation, Russia's Gazprom formed a consortium with German Ruhrgas and Gaz de France, offering Bratislava USD2.7 billion. In March 2002 the Slovak government accepted the consortium offer, thus giving Gazprom, as monopolistic supplier of gas to the country, even greater control over transit gas pipelines and the gas distribution network in Slovakia. Gazprom's head Aleksei Miller stated that 'participation in the project had a strategic significance for both states and would provide for stable and secure supplies of gas to Slovakia and other European countries".[156] Gazprom and its strategic partners' acquisition of the stake in the Slovak SPP gave Gazprom even stronger leverage over Ukraine. If Gazprom is to go ahead with building an additional Yamal pipeline to Slovakia across Poland (this seems to be the long-term strategy of the French-German-Russian consortium), Slovakia would remain a major

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[155] *Bratislava TASR*, 9 June 1997, FBIS-EEU-97-160.
[156] *Izvestia*, 11 March 2002, p. 5.

European gas transit country, while Ukraine's monopolistic position as a transit route of Russian gas to Europe would be further reduced.[157]

As far as Russia's oil supplies to Slovakia are concerned, Russia also managed to maintain its status as the only major supplier via the Soviet built Druzhba pipeline. Russian oil represents 97 percent of all oil consumed in Slovakia, which accounts for 4-4.5 percent of all Russian oil exports to Europe.[158] Despite a commitment made by the Slovak government to prepare a plan to diversify its oil supplies by the year 2005, Bratislava did not make any attempt to do so, even though it was in theory able to diversify these supplies. Without big capital investments, Slovakia could import oil from Germany, via the Czech Ingolstadt-Karlupy pipeline. An alternative way would be to connect an Austrian AWP pipeline to the Druzhba pipeline in Slovakia, which come within 50 kilometres of each other.[159] However, the existence of an emergency oil supply via the Adria pipeline, and stable supplies of Russian oil seem to have made the diversification plans a low priority. The reluctance to press ahead with diversification can also be explained by technological factors – all Slovak oil refineries are only able to process oil delivered from Russia. In the year 2000, Moscow and Bratislava signed a long-term contract for the delivery of 6 million tons of oil annually between 2000 and 2015.[160] Moreover, Russian and Slovak oil companies agreed to cooperate in developing the capacity of Slovakia to transport Russian oil to other countries.[161]

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[157] Michael Lelyveld, "Gazprom Finds Export Route through Slovakia," *RFE/RL*, 22 March 2002.
[158] U.S. Department of Energy, "An Energy Overview of the Slovak Republic," *Fossil Energy International*, see also Mikhail Zhuravlev, "Evropeiskie Rynki Mogut Okazat'Sya Tesnymi Dlya Rossiiskoi Nefti," *RusEnergy.Com* (http://www.rusenergy.com/politics/a15022001.htm: acccessed 22 March 2001: RussEnergy.Com, 15 February 2001). (http://www.fe.doe.gov/international/slvkover.html: October 2001).
[159] U.S. Department of Energy, 'An Energy Overview of the Slovak Republic'.
[160] *Rossiiskaya Biznes-gazeta*, 10 July 2001, p. 8.
[161] *Ibid.*

In December 2001 the Russian oil company Yukos acquired 49 percent of the shares in Slovakia's oil pipeline operator Transpetrol for USD74 million. This marked a strengthening of the Russian oil company's position in the region. Although Russia's other major company, Slavneft, is the coordinator of Russian oil supplies to Slovakia and delivers the majority of oil to that country, through the acquisition of Slovakia's oil pipeline network Yukos strengthened its control of the oil flow to Hungary and Southern Europe. Yukos is the coordinator of Russia's oil supplies to Hungary and delivers up 70 percent of oil consumed in that country. Moreover, Yukos is a strategic partner of MOL, the Hungarian petrochemical company, which in turn controls 36 percent of Slovakia's major oil refinery Slovnaft.[162]

The expansion of Russian oil interests in the Slovak Republic was not accompanied by the kind of controversy which surrounded the expansion of Gazprom's presence. As noted earlier in the chapter, Russian oil companies represent a diverse group of companies, lacking the clout and close association with the Russian government that characterise Gazprom. Quite often, as shown above, Russian oil companies come into competition with each other, although their respective export destinations are clearly coordinated by the government. And finally, unlike gas, oil is a commodity that can be relatively easily obtained through alternative routes, thus depriving Russian oil companies of the negative, monopolistic colouring that Gazprom has acquired. This fact, and the relative success Russian oil companies have had in expanding in the region is proving to have a positive effect on the perception of Russian business in the area, though it is still widely perceived as 'politically unwelcome'.

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[162] *Ekspert*, 17 December 2001, p. 7; *Kommersant*, 06 February 2002, p. 5.

Russian-Czech Energy Relations.

The Czech Republic, like Slovakia, is one of the biggest consumers of Russian natural gas in the region and is also a major transit route for Russian gas to the rest of Europe via the Soviet built Bratstvo gas pipeline. The pipeline enters the Czech Republic from Slovakia and carries on to Germany. Until 1997, Gazprom supplied 99 percent of all Czech natural gas needs, while the remainder came from domestic sources. In physical terms, the volume of gas supplied to the Czech Republic in 1997, for example, was 8.6bn cu m.[163] Over 58bn cu m of Russian gas a year is currently piped through the Czech Republic en route to Western Europe.[164]

Changes in the political and economic character of relations between Moscow and CE, and CE's reorientation towards integration with the West meant that Russia's virtually monopolistic control of gas supplies to the region was increasingly challenged. As was noted in the discussion of Russia's energy ties with Poland and Slovakia, Gazprom's efforts to maintain its position in the region and to increase its control of the gas infrastructure were increasingly challenged. Decisions on the future of Gazprom's activity in the region were often taken not on grounds of economic expediency, but rather based on the political predisposition of the government in charge and its long-term external policy objectives. As we have seen, quite often the results were not favourable to Gazprom.

Gazprom suffered a similar fate in the Czech Republic. In April 1997 the Czech government signed a supply contract with the Norwegian consortium of gas producers GFU (made up of Statoil, Norsk Hydro and Saga Petroleum), which obliged Transgas, until then the state-owned gas company, to buy gas from Norway. The 20-year contract

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[163] Shkuta, *Rossiiskii Gaz v Tsentralnoi i Vostochnoi Evrope*, p. 108.
[164] Francouer, 'The Role of Natural Gas in Europe', p. 13.

obliges Transgas to get delivery of 3 bn cm of Norwegian gas. The first gas from this source was delivered in May 1997.[165]

The Czech decision to diversify its gas import sources provoked an unprecedented verbal exchange between Moscow and Prague and led to brief period of coolness in bilateral relations. The Czech side claimed that the possibility of importing Norwegian gas was being considered even in the days of the CMEA, and that technical aspects of supply routes had been in the works for at least a year, but the final fillip to what Gazprom described as a politically motivated decision was given by none other that the Russian ambassador to the Czech Republic Nikolai Ryabov. In an interview with a Russian TV station, Ryabov made the heavy-handed suggestion that if the Czech Republic joined NATO, this could have a negative impact on Russian deliveries of gas and nuclear power technology.[166]

Ryabov's comments resulted in his being summoned to the Czech Foreign Ministry and brought harsh comments from Czech officials. By far the strongest commentary came from Czech Interior Minister Jan Ruml, who stated that Ryabov's comments reflected "attributes of big-power state terrorism" and showed the "existential importance for the Czech Republic of the Czech government's decision to diversify the country's sources of oil and gas." He further stated that the "Czech government will have to consider carefully, for security reasons, which entrepreneurial subjects will be allowed to participate in the strategic branches of Czech industry."[167]

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[165] *Ibid*, p. 13.
[166] Jolyon Naegele, "Czech Republic: Norwegian Gas Deal Final Step in Energy Independence," *RFE/RL* (Prague, 20 March 1997).
[167] Jolyon Naegele, "Czech Republic/Russia: Ambassador Draws Ire in Prague and Abroad," *RFE/RL* (Prague, 19 March 1997).

Gazprom was aware of the Czech plans to diversify gas supplies and tried to head off Prague's move. To alleviate trade balance problems Moscow offered to accept Czech-made goods as part payment of any additional gas supplies needed by the Czech Republic. Gazprom also suggested an alternative route for Russian gas to the Czech Republic, via Germany, which would have eased Czech concern about security of deliveries, if relations with Slovakia deteriorated.[168] No matter how attractive Russia's proposals were, the Czech side chose to go along with the Norwegian deal. As one unnamed senior official was quoted as saying, "paradoxically, it was the Russian Ambassador, Mr. Ryabov, who convinced those who were still wavering whether we should take gas from the Norwegians and not just from the Russians."[169]

Gazprom's attempts to rescue its reputation suffered another setback when Czech Industry and Trade Minister Vladimir Dlouhy stated that the higher cost of Norwegian gas would be compensated by its more reliable supply.[170] Gazprom retaliated by suggesting that politics and not economics was behind the deal. As Gazprom's press release put it, "We view this statement [about unreliability of Russian gas supplies] as hostile and not corresponding to reality". Gazprom pointed out that the reliability of Gazprom as a gas supplier had been proved by a trade relationship of some 30 years.[171]

The above episode illustrates a range of problems Russia faced in advancing its interests in the region. First, an ingrained, and in many cases justified suspicion of Russia on the part of CE states extended to Russia's businesses in the region. Gazprom particularly suffered

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[168] *Nezavisimaya gazeta*, 25 March 1997, p. 1
[169] Jolyon Naegele, "Czech Republic: Norwegian Gas Deal Final Step in Energy Independence," *RFE/RL* (Prague, 20 March 1997).
[170] Stephanie Baker, "Russia: Gazprom Lashes Out At Czechs Over Norwegian Gas Deal," *RFE/RL* (Prague, 21 March 1997).
[171] *Interfax*, 21 March 1997, FBIS-SOV-97-080.

from such a hangover because of its close association with the Russian leadership and its near monopolistic position as a gas supplier. Secondly, incompetent and ill-informed diplomats did not help Gazprom's plans to strengthen and extend its position in the region. The Czech authorities' decision to consider 'carefully, for security reasons,' which entrepreneurial subjects would be allowed to participate in the strategic branches of Czech industry meant that Gazprom and Russian oil companies were discriminated against during privatisation of Czech Transgaz and the Paramo AS oil refinery.[172]

Despite all the changes that the Czech government pursued to reduce its exclusive dependence on Russian energy resources, the long-term position of Russia as a major supplier of these products to the Czech Republic remains stable. In 1999, Russian gas contributed 78.7 percent of Czech gas imports.[173] Moreover, in 1998 Moscow and Prague extended a three-year contract for the delivery of 8 to 9bn cu m of natural gas annually until 2008, which would satisfy at least 75 percent of the Czech natural gas needs. In the same year, the two sides agreed on the conditions of Russian gas transit through the territory of the Czech Republic until 2020.[174] At least 50 percent, or about 30bn cu m of Russian natural gas, passes through the Czech Republic en route to Western Europe.[175]

The Czech Republic also remains one of Russia's main oil importers. Deliveries to the Czech Republic account for 4-5 percent of all Russian oil exported to Europe.[176] Russia's overall share in Czech crude oil imports is about 70 percent, and most of the deliveries are

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[172] Irina Myatleva, "Russkii Gaz Strashnee Russkikh Tankov," *Mirovaya Energeticheskaya Politika* (http://www.wep.ru/arhiv/2002/1/165.shtml: 19 March 2002); *Vedomosti*, 18 December 2001, p. 2; Ilya Galadzhii, "Bliznetsy-Brat'ya," *Neft' Rossii*, no. 6, pp. 112-115 (30 June 2001).
[173] Francouer, 'The Role of Natural Gas in Europe', p. 13.
[174] Marina O. Kopytina, "Rossiya-Chekhiya: Torgovo-Ekonomicheskie Otnosheniya vo Vtoroi Polovine 90-kh Godov," *Vneshnyaya Torgovlya*, 29 June 2001, pp. 27-33.
[175] *Izvestia*, 15 October 1998, p. 5.
[176] Zhuravlev, 'Evropeiskie Rynki Mogut Okazat'sya Tesnymi Dlya Rossiiskoi Nefti'.

provided by the Russian LUKoil company.[177] About 20 percent of Czech crude oil supply needs come from Germany through a pipeline built in 1996 from Ingolstadt in Bavaria to an oil refinery in Karlupy, north of Prague.[178]

Russian-Hungarian Energy Relations.

Russia also remains Hungary's main energy supplier. Russia provides more than 85 percent of all Hungary's natural gas needs and 98 percent of its crude oil requirements.[179] Although Hungary steadfastly pursued its policy of energy diversification, and although its energy policy is largely in line with EU energy security guidelines, Russia has maintained its position as a main energy supplier to this country.

Bilateral relations in this area are less controversial and subject to political interference than with the other three CE states. One of the reasons for this is that the Hungarian energy sector is one of the most advanced in the region in terms of ownership structure and energy market liberalisation. Hungary's MOL oil and gas company is one of the largest companies of its kind in the region and is the only vertically integrated structure. It is also amongst Europe's 15 largest petrochemical companies. The government now controls only 25 percent of MOL's shares. MOL remains the sole importer of natural gas. In September 1994 Gazprom and MOL established a joint company Panrusgaz, equally owned by the two companies. The remit of Panrusgaz involves the purchase of Russian natural gas, its distribution in Hungary, and its further export, as well as the construction and management of new transport pipelines and storage capacities in Hungary.[180]

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[177] *Finmarket*, 20 April 1999, (http://www.infoart.ru/money/news/99/04/20_356.htm).
[178] Naegele, 'Czech Republic'.
[179] Dmitri Fefotov, "Strana Dunaya i Chardasha," *Neft' Rossii*, No. 6 (30 June 2001), pp. 116-119; Balmaceda, 'Economic Relations and the Ukrainian-Central', p. 169.
[180] *Biznes MN*, 11 September 1995.

In November 1996 MOL signed a 20-year contract with Gazprom and Panrusgaz for the delivery of 225bn cu m of natural gas worth USD24bn.[181] In addition to the traditional supply route across Ukraine, Russian gas is now also delivered through a specially built 63km pipeline from Austria. By connecting to the Austrian gas network, Hungary became capable of receiving gas from other, Western suppliers, such Gaz de France and Ruhrgas. However, no matter which of these companies supplies the gas, most of it still originates in Russia. The new 20-year contract gives Hungary increased gas supply security in case the route across Ukraine becomes inoperative for political, economic or any other reasons.[182] It is difficult to overestimate the importance of this contract for Gazprom's future in the region. Hungary, four times smaller than Poland in terms of population, signed up for almost the same quantity of gas supplies. Gazprom managed to secure its position as the main strategic supplier of natural gas in the country, despite Hungary's security-related commitment to diversify its energy supplies.

Yet Gazprom's activities in Hungary were not entirely problem free. Gazprom's attempts to expand in the region and move from pure supply and distribution of natural gas towards setting up an East European petrochemical system met with resistance and hostility. Gazprom's acquisition of more that 25 percent of shares in Hungary's, and indeed CE's, largest PVC producers Borsodchem provoked an outcry and accusations of an attempted hostile takeover. Gazprom acquired the shares through an Ireland-registered company Milford Holdings Ltd., set up by Gazprom. Gazprom's control over Borsodchem could have also given it control over 29.9 percent of the shares of another large Hungarian company belonging to Borsodchem, TVK. To minimise the damage, Borsodchem decided

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[181] *Finansovye izvestia*, 28 November 1996, p. 5.
[182] *Ibid.*

to hand over control of its TVK shares to MOL, thus stalling Gazprom's plans to expand its business in the region.[183]

However, where Gazprom failed, Russia's LUKoil succeeded in entering in alliance with the Hungarian Borsodchem. In November 2000, LUKoil managed to create a joint company with a Ukrainian petrochemical company Oriana. In Soviet days Oriana used to be one of Borsodchem's main suppliers of ethylene, but since then Oriana had run into debt and scaled down production. After taking over Oriana LUKoil held negotiations with Borsodchem to re-establish cooperation.[184]

Russian participation in Hungary's oil market, as noted above, is substantial. Hungary is one of Russia's main oil consumers in the region, accounting for 4.5-5 percent of all Russian oil exported to Europe.[185] Moreover Russia's Yukos oil company successfully cooperates with Hungary's MOL in developing the Zapadno-Malobykskoye oil fields in the Khanty-Mansi autonomous region of Russia, fields which are reported to have 24 million tonnes of proven oil reserves.[186]

Conclusion

The energy dimension of Russian-CE economic relations is significant not only on its obvious merits of pure economic importance for the Russian Federation as the largest profit-making sector of the economy. From a wider perspective, the Russian oil and gas

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[183] *The St. Petersburg Times*, 4 may 2001; *Kommersant*, 23 September 2000, p. 4; *Interfax*, 26 September 2000, FBIS-SOV-2000-0926; *Interfax*, 6 October 2000, FBIS-SOV-2000-1006;
[184] *TEK*, 15 November 2000, (Kiev).
[185] Zhuravlev, 'Evropeiskie Rynki Mogut Okazat'Sya Tesnymi Dlya Rossiiskoi Nefti'.
[186] 'Oil and Gas Report', *Interfax*, 21-27 January 2000, FBIS-SOV-0119.

sector has an important role to play in integrating Russia into the global economy.[187] The success of this endeavour will qualitatively affect the process of Russia's internal transformation, and consequently the character of Moscow's foreign and security policy. With so much at stake, Moscow's energy policy plays a large role in shaping Russia's security perceptions. It is therefore, important not to underestimate the role that CE plays in the above process. So far, as was demonstrated in the discussion of Russian-CE energy ties, the developments in CE in relation to the integration and enlargement processes in Europe had an ambiguous effect on Russian foreign and security process. From the perspective of Russian foreign and security policy makers, the vulnerabilities of Russia's energy export routes and preservation of its CE gas and oil market share is a formidable concern. These concerns are further complicated by the negative perception that Russia has in the region. The burden of history weighs heavily not only on the military-political side of Russian-CE relations, economic ties were also a hostage to past experiences. The energy issue is no exception, and by far the most politically sensitive area in bilateral relations.

However, despite the complications, Gazprom, with the help of the Russian government, made significant progress implementing its CE strategy. Gazprom's overarching objective in CE Europe was to secure a stable flow of gas to the region and beyond and secure a long-term presence. Gazprom's particular objectives in CE have included creation of joint ventures/trading houses and extending its ability to control the volumes of gas and its routes. By and large, Gazprom has been relatively successful in implementing the main tenets of its policy in region. As shown in the previous discussion, Gazprom's plans came up against a number of obstacles, one of the most significant of which was the persistent negative perception of Russia amongst Central Europe's elites. As one commentary in

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[187] Amy Myers and Robert A. Manning Jaffe, "Russia, Energy and the West," *Survival*, Vol. 43. No. 2 (Summer 2001), p. 133.

Poland's *Gazeta Wyborcza* put it "Gazprom means the Russian republic, Russian institutions, Russian military and oligarchy".[188] In light of the previous historic experiences, CE's nervousness about Russia's intentions is understandable. Russia's approach, particularly evident during President Putin's tenure, was to involve Western European companies in Russia's projects in CE. While in most cases, as for instance in Gazprom's acquisition of the Slovak SPP in consortium with French and German partners, Gazprom's joint efforts were due to the Russian giant's financial inability to buy into CE capacities on its own, such a formula proved to be a positive development in alleviating CE concerns. Russia's cooperation with the EU and development of the EU-Russia Energy Dialogue might even further help Russian companies improve their image in CE and by doing so serve the deeper integration of the Russian economy with the CE, and as a result with the rest of Europe.

However, one should not overestimate the role of energy in Russia-CE relations. As Russian Foreign Minister Igor Ivanov aptly noted 'Oil and gas pipelines are blood vessels to the economic body of Europe. But by no means the whole organism."[189] We will now look at other aspects of Russian-CE relations.

Trade and Investment in Russia-CE Relations

Since the demise of the CMEA trading system bilateral trade between Russia and the CE states has undergone a dramatic decline, with both sides' external trade links shifting mainly toward the West. CE states' interest in the Russian market is now in many respects mainly a derivative of their trade policy toward the EU. Yet the role of trade with Russia in

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188 Quoted in *The St Petersburg Times*, 4 May 2001, (http://www.sptimesrussia.com/secur/666/news/b_3217.htm, accessed 14 February 2002).
189 *Financial Times*, 27 November 2000, p. 7.

CE's economic development should not be underestimated. One of the main reasons why the CE states have a vested interest in maintaining their presence in the Russian market is that CE producers find it difficult to break into saturated Western markets with their products, while they are still adapting their capacities to improve quality and compatibility. Second, in many cases western investors come to the CE region partly with a view to expanding exports to the Russian/CIS markets. Third, as Russia's exports to the CE states are considerably larger than CE exports to Russia, due to the large proportion of energy materials in Russia's export structure, the CE region and Russia have a large trade imbalance in Russia's favour. The trade imbalance has created a worrying level of current accounts deficit in the CE states and has made it a priority for CE governments to expand exports to Russia.

Economic cooperation with the CE states during the Soviet Union days was so deep and extensive that it still affects and informs Russia's perception of and policies toward CE today, raising unjustifiable expectations of a possible restoration of bilateral links on the previous scale. Often, statements by Russian officials to that effect lead to the reanimation of old fears on the part of the CE states and political speculation about Russia's plans in CE.[190] Yet, as some of Russia's influential observers have pointed out, neither CE nor Russia will ever become major economic partners for each other again.[191] As became evident by the mid-1990s, the structure of Russian trade with CE underwent a dramatic decrease of manufactured goods such as machinery and equipment, leading to the rapid rise of the share of energy materials exported to the region. The end of the centralised ties

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[190] Aleksandr Yershov, "Rossiiskie ekonomicheskie interesy i Pol'sha" *Pro et Contra*, Vol. 2, No. 3, 1997 (internet version http://pubs.carnegie.ru/P&C/Vol2-1997/3/07ershov.html accessed 13 April 1999).

[191] Oleg T. Bogomolov, "Rossiya i Tsentral'naya i Vostochnaya Evropa," *Rossiya I Tsentral'naya Evropa v novykh geopoliticheskikh real'nostiakh*, Proceedings of the International Scientific Conference, Russian Academy of Sciences, Institute of International Economic Studies, Moscow27-30 January, 1995; see also Pavel Kandel, report, "Tsentralnaya i Vostochnaya Evropa i Interesy Rossii. Tezisy Doklada."

revealed their negative qualities – poor efficiency and volatility, absence of any objective grounds for maintaining the previous volumes and forms of trade.[192]

From Moscow's perspective therefore, as a large and potentially growing market for its energy resources and as a major transit route for these resources to the likewise expanding gas and oil markets of the EU the CE region remains an important economic area. The dual processes of NATO and EU enlargement only accentuate Russia's economic interests in the region, making preservation of energy transportation transit routes and safeguarding its positions in the CE region's energy sector a high priority. NATO and EU enlargement, although different in nature, could not but affect Russia's economic policy toward the region. While Russia made a point of distinguishing between the NATO and EU enlargement processes, maintaining a strongly negative view of the former and being cautiously positive toward the latter, the negative stance towards NATO cast a long shadow over bilateral political relations, making progress on the economic front more difficult.

This was at the time when the authors of the 1997 SVOP report on CE pointed out that overall economic ties between the CE states and Russia were scarcely so strong as to make it worthwhile politicising them.[193] The degree to which Russia and the CE states scaled down their bilateral trade can be seen from the following figures: by 1995 Russia accounted for 9.4 percent in Hungary's external trade (as opposed to 25 percent in 1989), 11.8 percent of Slovakia's and 6.4 percent of the Czech Republic's (40 percent of the Czechoslovak trade in 1989), and 6 percent of Poland's (in contrast with 25 percent in

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[192] *Nadezhda Feit*, "Zhizn' posle SEV," *Biznes i politika*, No. 8, August 1997, (retrieved from www.public.ru, 19 December 2001).
[193] Kandel, 'Tsentralnaya i Vostochnaya Evropa i Interesy,' section 4.5.

1989).[194] Yet for most of the CE states Russia remained one of their major trading partners. occupying from first to third place among sources of imports, mainly due to the large volume of Russian raw materials imported.[195] Likewise, from Russia's perspective, while the states of the region lost their previous position as key trading partners, links have persisted, some of them, as in the case of energy, due to the inherited structure of transport routes. The figures for 1995 show that Poland occupied the tenth place amongst Russia's trading partners, while Hungary was eleventh, the Czech Republic 15th and Slovakia 17th.[196] As was noted above, these figures demonstrate primarily the CE region's importance as a market for Russian natural gas and oil, and as a vital transit route of these energy resources on their way to Western Europe. Russia sells more than 30 percent of all its gas exports in the region and as much as 26 percent of its oil.[197] Moreover, up to 90 percent of natural gas exports to Western Europe go through CE.[198]

A second important factor in Russian-CE bilateral economic and trade relations over the last decade, concerns the problems caused by Russian debts to the CE states inherited by Moscow from the Soviet Union, and the means used to settle them. In many cases the debt settlement issue became quite controversial and led to accusations that Moscow employed the issue as another political lever. The following analysis looks at the state of bilateral trade relations, mutual investments and the role of debt settlement in Russia-CE economic cooperation in more detail.

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[194] *Ibid.*, section 3.2.
[195] "Eastern Europe Consensus Forecast," in *Digest of Economic Forecasts*, (Consensus Economics Inc., 1999).
[196] *Ibid.*, section 3.3.
[197] Kandel, 'Tsentralnaya i Vostochnaya Evropa i Interesy,' section 3.3.
[198] Oleg Davydov, *Inside Out: Radical Transformation of Russian Foreign Trade, 1992-1997.* (GSC Marco Media, 1998), p. 94.

Russian Debts, Bilateral Trade and Capital Investment

Analysis of Russian and individual CE states' approach towards the resolution of the Russian debt issue provides further support to the view that Russia did not have a consistent and comprehensive economic policy toward the region. Moscow's economic relations with the CE states developed on a case-by-case basis, in a reactive rather than a pro-active way. Such a state of affairs is not surprising as Russia's dealings with the Central European states were largely limited by Moscow's larger agenda of its relations with the West and its internal economic development. Furthermore, inconsistency and lack of long-term policy towards CE was a direct consequence of a fragmented and chaotic Russian foreign policy process during the Yeltsin presidency, which in the case of foreign economic policy became even more fragmented with the proliferation of independent economic actors with divergent external policies. In such circumstance it is not possible to talk of a single Russian economic policy towards the CE states or long term vision of Russian interests in the region. Apart from energy exporting companies that see CE as a major export market and transit route for their products, Russia demonstrated little interest or effort in expanding exports to CE. However, one also has to take into account the sea change in export potential and orientation of both Russian and CE producers and the constraints that weak financial and legal circumstances both in Russia and CE imposed on them.

Analysis of Russia's Soviet-era debts settlement with CE also points to the uneasy state of relationship between Russia and the CE states in the economic sphere. The degree of progress in achieving agreements on debt settlement on Russia's terms more often than not depended on the political predisposition and economic needs of the countries concerned. Each of the four countries under consideration chose different ways of recovering what

Russia' owed them. The choices they made depended on the conditions Russia attached to debt repayments, their own needs and whether Russia's offers, which in most cases envisaged a choice of arms and military equipments in payment, were consistent with the CE states' long-term objectives and strategic choices.

The origins of the Russian debt to Central Europe go back to the last days of the CMEA, when in the early 1990s the USSR and the CE states started to discuss putting their trade accounting on a hard currency basis. With the dissolution of the CMEA and the collapse of the Soviet Union, Russia inherited all Soviet foreign debts, including those owed to the former CMEA member states for unfulfilled trade obligations. Having taken on the responsibility for the debts, Russia pursued a diverse approach with individual CE states on the timetable for and manner of its debts repayments.

Some analysts have suggested that Russian debts to CE have provided an additional means of political leverage.[199] The following analysis however offers a different view, arguing that Russian external economic relations, of which debt settlement was a part, did not flow from an elaborate state policy aimed at a particular objective. Rather, economic relations with CE provide evidence of the absence of a coherent economic CE policy on a state level, which in part derives from the absence of a coherent policy toward the region. In its turn, such a state of affairs demonstrates that except in the case of a small number of sectors (although representing a substantial proportion of the Russia economy, that is Gazprom and the oil companies) the Russian government did not make the region a priority in any aspect of its foreign economic policy. Secondly, as the evolution of the debt settlement process demonstrated, particularly in the often-cited example of the debt

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[199] Balmaceda, 'Economic Relations and the Ukrainian-Central European-Russian Triangle," p. 178.

settlement with Slovakia, a number of competing economic, rather than governmental actors from both sides managed to influence the final decisions and determine the ways in which the debts were to be settled. As will be demonstrated below. Russia's sale of weapons to Hungary and Slovakia in part payment of debts resulted in accusations of enduring Russian influence in Slovakia, yet Hungary's decision hardly evoked any criticism. This difference is explained by the internal political situation in Hungary and Slovakia at the time.

The following analysis of Russian-CE debt settlement, trade and capital investment aspects of relations starts with Russian-Polish ties. Russia's relations with Poland stand out compared to those with the other three CE states, and not only because of Poland's larger economy. Poland was the only CE state under discussion that the Russian Federation regarded as a significant debtor, while Poland had similar debt claims on Russia. The question of mutual indebtedness and determination of the exact sums marred bilateral economic relations for a number of years. However, in November 1996, after lengthy negotiations spread over several years, the two sides agreed on a "zero plus" framework, whereby the two governments cancelled out mutual debts.[200] Despite this agreement, the final settlement still meant USD150 million had to be paid by Poland to Russia, and USD175 millions by Moscow to Warsaw. While Moscow agreed to pay the bulk of the Russian debt in cash by instalments, it was also agreed that the difference of USD25 million would be paid by supplying Poland with military equipment.[201]

Both governments hailed the debt settlement as a vital step towards removing "the last barrier on the road to further development of economic relations between the two

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[200] *Kommersant-Daily*, 12 November 1996.
[201] *PAP*, 30 January 1995, FBIS-EEU-95-021-A; also *PAP*, 12 December 1997, FBIS-EEU-97-346.

states".[202] The debt settlement also included the abandonment of mutual compensation claims for the stationing of Soviet troops on Polish territory. While resolution of the debt issue opened the way to further cooperation, it also reduced Russia's room for manoeuvre, closing the door on arms-for-debt swaps, as were used in the case of Hungary and Slovakia. According to the Polish Defence Minister Janusz Onyszkiewiz, only a small part (about USD20 million) of the remaining Russian negative balance after debt settlement was to be paid for through supplying Poland with parts and servicing for MiG-29 and Yak aircraft, mainly engines.

Russian-Polish bilateral trade relations, although they showed a noticeable recovery by 1996, persisted as one of the key issues on the bilateral intergovernmental agenda (see Figure 1 and Table 7).[203] Despite the fact that the character of Poland's trade relations with Russia in many ways is a derivative of its trade relations with the EU, and despite the fact that for Russia the size of its trade with Poland does not make the country a top trade partner, a number of important aspects command both the Russian and Polish authorities' attention.

Table 7 Russia's Foreign Trade with Poland (in million USD)

	1993	1994	1995	1996	1997	1998[1]	1999[2]	2000[3]	2001[4]
Export	1311.1	1133.0	1996.4	2478.0	2511.1	2259.1	2600	4619.5	4660.0
Import	528.8	945.8	1321.4	928.0	1348.1	1305.7	710	862.1	958.0

[1] Years 1991-1998: *Vneshnyaya torgvolya,* No. 4, 1999, p. 55.
[2] *PAP*, 09 July 2000, FBIS-EEU-2000-0709
[3] http://www.polska.ru/biznes/ekonomika/ekonomika2000.html
[4] http://english.pravda.ru/economics/2002/01/15/25590.html

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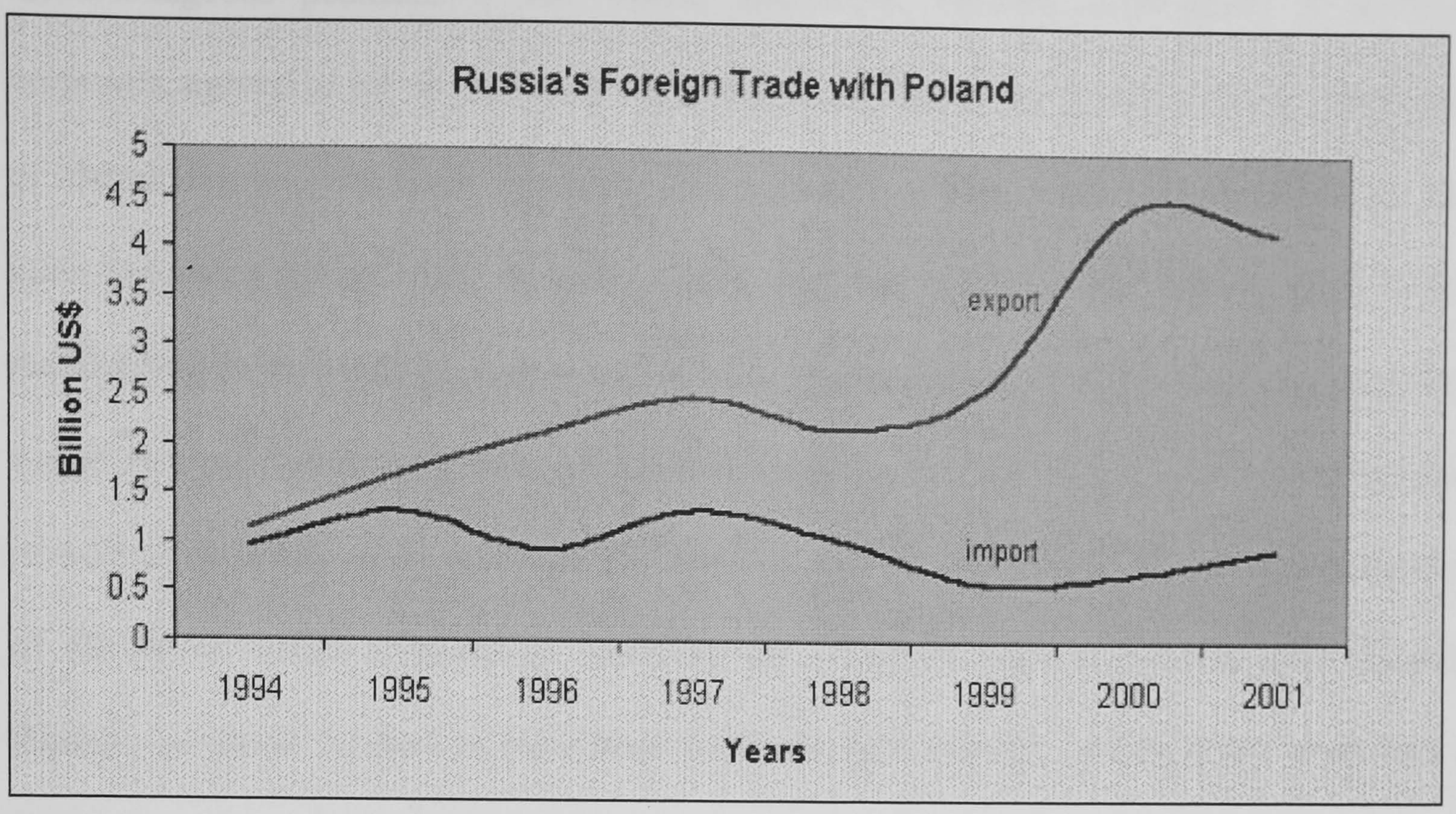
[202] *PAP*, 30 January 1995, FBIS-EEU-95-021-A.
[203] By 1994-1995, Russia and Poland overcame the decline in bilateral trade. In 1995, Russian-Polish trade grew 80 percent compared to 1993, reaching USD3.3 million. See Aleksandr Yershov, "Rossiiskie ekonomicheskie interesy I Pol'sha" *Pro et Contra*, Vol. 2, No. 3, 1997 (internet version http://pubs.carnegie.ru/P&C/Vol2-1997/3/07ershov.html accessed 13 April 1999). See also Yuri Vo inov, "Rossiya i Pol'sha: vzaimodeistvie na novoi osnove," *Vneshniaya torgovlya*, No. 7-9, 1997. internet version (http://www.rinet.ru:8080/~acsmru/ft/rus/issues/97/07/05.htm accessed on 01 November 1999).

Figure1



From Russia's perspective, its interests in Poland (and this is true of Russia's interests in the CE region as whole) are closely linked with the CE states' integration into the EU. However Poland, as the most populous country in the region with the biggest economic potential, is of particular importance for Russia. Poland's significance is increased by the fact that Poland is the only state of the CE region to border Russia. Although the border is not with "mainland" Russia, but its exclave Kaliningrad, this does not diminish but increases Poland's importance, since without its cooperation Kaliningrad's existence could be threatened. As has already been highlighted, Poland occupies an important intermediate location between Russia and the rest of Europe, and this appears to be important in determining Russia's economic policy toward Poland. Aware of Poland's concern over the mounting trade imbalance and keen to expand its own presence in the Polish market beyond energy products, in 1996 Russia offered Poland a liberalisation of bilateral trade and a move towards a free trade zone between the two states.[204] The idea came from Russian Deputy Prime-Minister Oleg Davydov, who argued that Poland's participation in the Central European Free Trade Association (CEFTA) put Russia's exporters in a

[204] *Segodnya*, 14 November 1996.

disadvantageous position.[205] The Polish authorities, hitherto unreceptive to Russia's proposals, agreed to set up an intergovernmental working group to look into the possibility of liberalising bilateral trade. However, this remained nothing more than an intention. The main argument against such an arrangement was that Russia would have to gain WTO membership before signing such a special trade agreement with Poland. Such an agreement would also put Poland in a difficult position vis-à-vis its CEFTA membership obligations as well as its status as an associate EU member. On the other hand, Russia's membership of the WTO would remove the necessity for a special trade agreement with Poland. Russia's proposal seemed to have been badly thought through, giving some observers a reason to argue that Russia was aiming above all to expand its energy exports to Central Europe and took less account of the Polish side's economic interests.[206]

A marked de-industrialisation of the structure of bilateral trade resulting from the general technological lag of the former socialist bloc and the inability of former-CMEA producers to compete with Western and other exporters was another major obstacle to increasing bilateral trade. Russia's priority was to maintain and expand its energy presence in the region in order to secure a stable return in hard currency and to use this economic presence in the region as a springboard for diversifying its exports.

The arms trade and military-technological cooperation is another area of Russian-Polish economic relations that has undergone drastic changes since the dissolution of the CMEA and the WTO. In Russia, the military industrial complex is one of the largest economic sectors, and has a vital interest in sustaining and expanding its export markets. The arms industry is also considered by some to be an engine of technological and scientific

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[205] *Ibid.*
[206] Balmaceda, 'Economic Relations and the Ukrainian-Central..,' p. 196.

transformation, which could eventually lead Russia out of its current crisis and technological backwardness.[207] However, relations in the military-technical area between Russia and the CE states have been negatively affected by a number of factors, resulting in a severe decline in arms and military equipment. Initially, in accordance with Russia's early foreign and security policy priorities, little attention was paid to Central Europe. This could not but affect the area of military-technical cooperation. Three reasons have been identified by some Russian analysts for Moscow's lack of interest in developing cooperation in arms trading and military-technical cooperation with the CE states. First, in the Russian military there was a feeling of distrust toward the CE states in the aftermath of the demise of the Warsaw Pact; this was more of a psychological factor than an objective reason. Secondly, Russia was discovering the short-term profits it could make from arms sales: the long-term benefits that could come from continuing cooperation with traditional partners were not taken into account. Compared to the markets of Asia or the Middle East, Central Europe seemed far less attractive and received less attention. A perhaps more cogent justification was reflected in the fact that Russian arm producers were wary about agreements that gave production licenses to the former 'allies', which could result in the creation of potential competition in third-country markets.[208]

In the CE states, there was also a sense of frustration and anger at the level of managers and government departments responsible for defence cooperation for the 'sudden

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[207] Kokoshin, Andrei, "Defence industry conversion in the Russian Federation," eds T.P. Johnson and S.E. Miller, *Russian Security after the Cold War*, CSIA Studies in International Security No. 3 (Brassey's: Washington, DC, 1993), quoted in Irina Kobrinskaya and Peter Litavrin, "Military-Technical Cooperation Between Russia and Countries of East-Central Europe," in *Russia and the Arms Trade*, ed. by Ian Anthony (Oxford: Oxford University Press for SIPRI, 1998).

[208] Irina Kobrinskaya, Peter Litavrin, "Military-Technical Cooperation Between Russia and Countries of East-Central Europe," in *Russia and the Arms Trade*, ed. by Ian Anthony (Oxford: Oxford University Press for SIPRI, 1998), p. 179.

abandonment' of links with Russia by the responsible authorities.[209] By 1996 having come up against shortages of equipment and spare parts in their armed forces, most of the CE states had come to the conclusion that their reorientation toward the West and NATO in particular would be easier if they did not completely rule out all forms of cooperation with Russia. Almost all of them had re-established some forms of military-technical cooperation with Moscow, although the nature of these relations has been different in different countries, depending on the nature of their overall political relations with Russia.

From the Russian side, one could also see a gradual change in views on military-industrial cooperation and the arms trade with former allies. Such a change was largely a consequence of shifts in Russian foreign and security policy, which by the mid-1990s had become more multi-dimensional and pragmatic. In July 1993 Russia and Poland signed five documents which laid down the basis for bilateral military-technical cooperation. However, by then a lot of damage had already been done to military-industrial relations. Coupled with that, the warming of the debate on NATO enlargement, and Russia's negative stance, made cooperation in arms and military cooperation with NATO aspirants all the more politically sensitive.

In Poland, military-technical cooperation with Russia was a particularly controversial political issue. For instance, the then Polish Defence Chief Dobrzansky's talks with Russian Defence Minister Grachev were severely criticized in Poland, especially because of his proposal to strengthen military-technical cooperation with Russia. Dobrzansky expressed interest in spare parts for MiG-29 and MiG-21 fighter aircraft; he also offered to

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[209] Kiss, Y., SIPRI, *The Defence Industry in East-Central Europe: Restructuring and Conversion* (Oxford : Oxford University Press, 1997), quoted *ibid.*

establish Polish-Russian joint ventures to manage repairs and production.[210] The disapproval that ensued in the Polish media and official circles demonstrated that the negative perception of Russia common in the Polish establishment was a major obstacle to developing bilateral military-technical cooperation. In light of the fact that almost 80 percent of the equipment in the Polish armed forces is of Russian design and origin, cooperation with Russia in the area would be natural, at least for as long as such equipment is in use. However, in the mid-1990s there was a view in Warsaw that Poland should try to replace military-industrial cooperation with Russia by imports from other post-Soviet states such as Slovakia or Ukraine. In March 1994 Polish Defence Minister Piotr Kolodzejczik signed an agreement in Kiev for the repair of T-72 tanks as well as MiG and Sukhoi combat aircraft in Ukraine.[211]

In 1994 Russia made proposals to Poland to establish joint companies to manufacture MiG-29 aircraft in Poland in return for the repair of Russian Baltic fleet vessels in Polish yards. Two years later, in 1996, Russia made another proposal, which like the first one, did not materialise. Overall bilateral cooperation in the military-technology sector remains small-scale and is sustained only by the need for an ongoing supply of old types of Soviet military equipment and spare parts. A contract was signed in 1999, for example, with the Russian Sukhoi Designing Bureau to modernise 15 Su-22 planes for the Polish air force.[212]

Arguments to the effect that intensification of military-technological cooperation with Russia might have endangered Poland's efforts to be integrated with NATO, as suggested by some analysts, are not entirely convincing, especially if one looks at the experience of

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[210] *Gazeta Wyborcza*, 18 June 1996, quoted in Kobrinskaya, "Military-Technical Cooperation Between Russia and," p. 188.
[211] *Kommersant Daily*, 12 April 1994.
[212] *ITAR-TASS*, 17 February 1999, FBIS-SOV-1999-0218.

Hungary, which did engage in military-technical cooperation with Russia and did become one of the new NATO members along with the Czech Republic and Poland. The reason for the reluctant approach to cooperation seems to be more political in nature rather than technical military or economic. Attempts to put forward Slovakia as an example of a country that did not become a NATO member, reportedly because of Bratislava's intensive cooperation with Russia in the areas of arms and military equipment, ignore more fundamental reasons why Slovakia failed to qualify for NATO membership. The existing evidence does not seem to suggest that Russia tried to use the continuing dependence of CE armed forces on its spare parts and equipment to thwart their NATO membership plans. On the contrary, Russian arms manufacturers even appeared to be ready to supply NATO-compatible equipment to the CE states to help them transform their armies to NATO technical standards.[213] The main reason for the reluctance to cooperate, it seems, lies in the political sphere and in the persistent negative perception of Russia by the CE political establishments.

Overall bilateral trade between Russia and Poland remained in a state of flux, very sensitive to the political climate of relations between the two states. Economic relations were also seriously affected by the general weakness of the Russian economy. The August 1998 economic crisis in Russia seriously affected Polish exports to Russia, which in 1999 fell by 72,9 percent.[214] As a result of the decrease in Polish exports to Russia, according to the Polish Infrastructure Minister Marek Pol, almost 150 000 people lost their jobs in Poland.[215] Russia's exports to Poland, however, were not that significantly affected, and

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[213] *Finansovye Izvestia*, 13 February 1996.
[214] *Vecherniaya Moskva*, 29 December 1999.
[215] *Kaliningradskaya vecherka*, 16 January 2002, p. 2.

had fallen only by about 15 percent a year after the crisis.[216] In 2001, however, bilateral trade showed some positive signs for Polish producers, as exports to Russia grew by an estimated 30 percent.[217]

Relations in another important aspect of external economic relations, namely capital investment, also deserve attention. The level of mutual investment remains extremely low. Statistically, however, Russia is the tenth largest investor in the Polish economy. The single largest Russian investor is Gazprom, and it was construction of the Yamal pipeline, (USD 1.2 billion) which gave Russia its place amongst Poland's top ten investors.[218] At the same time, Poland's capital investments in Russia stand at a mere USD100 million.[219] The Polish side criticizes the Russian government for its failure to implement a 1992 intergovernmental agreement on mutual support and protection of investment.[220] The Russian Duma postponed ratification of the agreement on the advice of the Russian government, as Russia's forthcoming admission to the World Trade Organisation would make such an accord redundant.[221] However, the reluctance of the Russian government to ratify the agreement, perhaps very short sighted in policy terms, can be seen as further evidence of the fact that Poland, as well as other CE states, are not comprehensively understood by the Russian elite. Similarly, the CE states' significant economic and geographic potential for Russia's economic recovery is not seriously conceived of. The exception is individual economic groups, mainly the energy sector in the Russian economy. However, even where Russian economic actors seem to pursue purely economic

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[216] Nikolai Bukharin, "Rossiisko-Pol'skie Otnosheniya," in *Rossiya i Tsentral'no-Vostochnaya Evropa: Vzaimootnosheniya v Kontse XX Veka* (Moscow: IMEPI, 1999).
[217] *Transport Rossii*, 17 June 2002, No. 25, p. 1.
[218] *IA ROSBALT*, 10 November 2001. (http://www.rosbalt.ru/index.php?sect=news&ct=0&cn=2409, accessed on 07 December 2001).
[219] Yuri Voinov, "Rossiya-Pol'Sha: Neobkhodimy Novye Initsitativy.," *Vneshniaya Torgovlia*, No. 1 (1999), p. 14.
[220] *Warsaw City Radio 1*, 11 July 2000, FBIS-EEU-2000-0711.
[221] *ITAR-TASS*, 30 March 2001, FBIS-SOV-2001-0330.

interests, their actions are quite often construed by some in CE as an extension of Russia's policy to re-vitalise its lost influence in the region.

The case of Russian relations with Slovakia in the field of trade and debt settlements is no exception to the generally highly politicised nature of Russia-CE bilateral relations. In this particular case, because of the 'above the norm' character of Russian-Slovak relations during Meciar's leadership, Moscow's dealings with Bratislava in trade and debt settlement cases represents a model of relations that contrasts strongly with relations with Poland. That does not mean to say that as a result of its 'special' relationship with Moscow, Bratislava managed to settle the debt problem in exactly the way it preferred, or that the trade imbalance problem was resolved. On the contrary, when compared to other CE states, Slovak-Russia trade fares quite badly (see Figure 2).

Figure 2

Source: Aggregated data.[222]

[222] M Kopytina, 'Ekonomicheskie Svyazi Rossii i Slovakii', in *Rossiya i Tsentral'no-Vostochnaya Evropa: Vzaimootnosheniya v Kontse XX Veka*, ed. by Boris Shmelev, Igor Orlik, Svetlana Glinkina (Moscow: Institute for International Economic and Political Studies, RAN, 1999).

The problem of debt settlement and the question of military-industrial cooperation are intertwined in Russian-Slovak relations. Military-industrial ties between Slovakia and Russia were a matter of high political sensitivity in any case, but were perceived as doubly important in the light of Slovakia's declared intention to join NATO. While the rest of the CE states made a point of scaling down cooperation with Russia as a major supplier of weapons and equipment to increase their 'interoperability' with NATO forces and their chances of joining the alliance, Bratislava took a different approach. The explanation must be sought first of all in Slovakia's internal politics. As pointed out elsewhere in the thesis, after separation from the Czech Republic, Slovakia was faced with the dual task of building its armed forces from scratch and sustaining the bulk of the Czechoslovak military-industrial complex that Slovakia inherited. Both of these challenges, dependent on one another, required continued cooperation with Russia. The majority of Slovak arms and military equipment that are used in the armed forces and are produced locally are of Soviet design. In addition, Vladimir Meciar owed his political success in large part to the support given him by the old elite of the unreformed part of Slovak industry. In the absence of substantial investment, continuation of cooperation with Russia was an obvious way to sustain their business. In addition, modernising Slovak Army weaponry also demanded substantial capital. According to Slovak experts' calculations the cost of modernising the Slovak Army in cooperation with Russia would be 7-10 percent of the cost of a transition to Western models.[223] These were some of the key conditions that paved the way for Slovak-Russian cooperation to develop to levels unparalleled elsewhere in Central Europe. The Russian side seized the opportunity, at a time when its exports to CE as a whole were reducing to raw materials, as the export of manufactured products and machinery shrunk.

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[223] *Nezavisimaya gazeta*, 4 June 1996.

In 1993 and 1994 Moscow and Bratislava negotiated agreements to use military equipment transfers to settle bilateral debts. According to the then Security Council Secretary Oleg Lobov, items transferred by early 1996 included one IL-76 transport aircraft and 13 MiG-29 fighter aircraft.[224] This transaction reduced Russian debt to Slovakia from USD1.6 billion to USD1.2 billion. According to the then Slovak Deputy Prime Minster Kozlik, the deal saved Slovakia USD3.35million per MiG-29 fighter compared to the price paid for MiG fighters acquired by Hungary in 1993.[225]

Yet the controversy that surrounded Russian debt settlement through the delivery of fighters, spare parts and equipment meant that the whole process generated negative publicity and speculation about undue Russian influence. The fact that obscure interest groups mediated agreements on "deblocking" Russian debt tainted bilateral relations. The details of these deals and the schemes employed are too complicated to be discussed here in detail. A frequently mentioned participant in these schemes was Devín Banka, reported to have benefited significantly from 'debt-for-military hardware' deals. Originally founded in 1992 by trade union and 'production cooperative' organisations, the bank came up against serious economic difficulties in 1993. Two Russian firms – VTF Energia and MFK (Mezhdunarodnaya Finansovaya Kompaniya) – came to its rescue and joined the bank in 1993-1994. S. Gorodkov, VTF Energiya representative, became Devín Banka governing board chairman, with Russian capital accounting for 52.7 percent of the bank's shares. With Meciar's electoral success in 1994, Devín Banka's managed to become the key player in the process of Russian debt unblocking, participating in official and unofficial dealings, managing financial aspects, and pocketing significant commissions in the

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[224] Irina Kobrinskaya, Peter Litavrin, 'Military-Technical Cooperation Between Russia and Countries of East-Central Europe', in *Russia and the Arms Trade*, ed. by Ian Anthony (Oxford: Oxford University Press for SIPRI, 1998), p. 189.
[225] Quoted in Balmaceda, 'Economic Relations and the Ukrainian-Central,' p. 181.

process. Another obscure small company, Katrim Stella Ltd., whose assets did not exceed USD3.500, became one of the main suppliers of the Slovak army, with help from Slovak Defence Ministry officials, implementing the deals which Devín Banka was managing the finances of.[226]

At the time the opposition criticised the Meciar government for deals arranged through Devín Banka, which they referred to as "a nest of the Russian secret services". As the opposition claimed, the conflict of interests created by the Slovak government's relationship with Devín Banka was blatant. In 1994, Karol Martinka, the husband of one of Meciar's advisors, became Devín's director, while Devín's deputy director was appointed a state secretary at the Finance Ministry. Even when the opposition came to power Devín Banka yet again became the main agent servicing Russian debt repayments, this time winning an open tender.[227] Not surprisingly, such an outcome brought speculation of continued Russian influence, reflecting Moscow's grip on the Slovak political establishment. As a prominent Slovak foreign policy analyst commented, "The problem with the Russians is that their initially standard commercial interests [in post-communist countries] develop into influencing domestic policy."[228]

While the story of debt settlements is far from over in Russian-Slovak relations, political speculation about Russian influence still abounds. Suggestions that it was due to Russian influence that Slovakia's foreign policy managers compromised its chance to join NATO and alienated the West in general are staples of Slovak domestic political in-fighting. Some observers find a "great paradox in the handling of the Russian debt to Slovakia" in that it

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[226] *Ibid.* pp.179-181, 185-189.
[227] CTK, Prague, 4 October 1999. in FBIS-EEU-1999-1004.
[228] *Ibid.*

has been used "by the Russian government in favour of Russian business" in the Slovak Republic.[229] This provides another example of the negative perception that Russia has to take into account in advancing its interests in Central Europe, where its every move is scrutinised from a critical standpoint.

The process of debt settlement was also used by Russia and various interested economic groups within it to advance their interests. In a similar way Russia played a key role in setting up the Slovak national airline, Slovak Airlines (SA). Russian debts were used in part payment for the delivery of six passenger airliners (Tu-154 and Il-86) that were to constitute the backbone of the SA.[230]

With the change of government in Slovakia, Russia found it more difficult to continue to insist on paying its debts with arms and military equipment. Moreover, in February 1999 the Dzurinda government decided to cancel a 1995 agreement between Russia and Slovakia for the delivery of the S-300 air defence system worth USD158 million as part of the debt settlement process.[231] The new Slovak government wanted to decrease the share of military equipment and increase payments through energy and raw materials. Slovakia's decision stalled all further talk on Russia's debt repayments for some time. First of all, Moscow did not accept Bratislava's explanation for the cancellation that its acquisition would harm Slovakia's chances to join NATO. Russian ambassador to Slovakia Aksenyonok claimed that the Russian system was modern and could easily be adapted to NATO standards.[232] Russian newspaper *Kommersant-daily* suggested that Slovakia's

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[229] Balmaceda, 'Economic Relations and the Ukrainian-Central...' p. 181.
[230] *Hospodárske noviny*, 15 January 1997; 24 January 1997, quoted *ibid*; also *TASR*, 9 January 1997, FBIS-EEU-97-008-A.
[231] *Izvestia*, 18 March 1999.
[232] *TASR*, 12 March 1999, FBIS-SOV-1999-0217.

decision to forego purchase of the S-300 was similar to the Cypriot government's decision to abandon plans to purchase the Russian system, which resulted from US and NATO pressure.[233]

Russia insisted on payments of compensation for the resources spent on manufacturing the Slovak-commissioned S-300 system. As a result, the process of debt deblocking froze for nearly two years, as Moscow made further debt talks conditional on settling the cost incurred for manufacturing the S-300. Russia also insisted on payment of its debts with finished products and specialised equipment, and resisted Slovakia's demands to pay a share of debts in cash. To put pressure on Bratislava, Moscow announced that if talks on debt deblocking did not start soon, it would transfer its debts to the Paris Club in early 2000, which would in effect prevent Slovakia from recovering its debts for a long time.[234] As a result, Slovakia agreed to write off USD54 million for cancelling its S-300 order. Russia agreed to unfreeze USD100 million of its debts to Slovakia that were paid with the delivery of USD20 million worth of fuel for Slovak nuclear power stations, USD19.5 million worth of equipment for the Cyclotron centre, USD5.7 million for a laser centre, and repairs to Russian made aircraft and helicopters.[235] Russia also trained and put into space a Slovak citizen, Ivan Bella, which cost Bratislava USD20 million.[236]

At the end of 2001, Russia and Slovakia negotiated the unblocking of another USD137 million, paid by supply of goods, with the remaining USD790 million of outstanding Russian debt to be rescheduled for a period of about 20 years.[237] Later, however,

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[233] Cited in *Monitor: A Daily Briefing on the Post-Soviet States*, Vol. 5, Issue 27, Jamestown Foundation, 9 February 1999.
[234] *Narodna obroda*, 1 October 1999, FBIS-EEU-1999-1004.
[235] *Rossiiskaya biznes-gazeta*, 10 December 2001.
[236] *TASR*, 7 December 1998, FBIS-SOV-98-341.
[237] *Pravda*, 30 August 2002.

encouraged by the Czech example, Slovakia agreed to a deal by which USD460 million of the total sum was cancelled, while it would receive 30 percent of the total in cash, the remaining USD310 million being partly settled through goods supplied in 2006-2007 and the rest by 2021.[238]

Russian-Slovak trade is dominated by the export of Russian energy materials, which make up 80-85 percent of all Russian goods delivered to Slovakia.[239] As can be seen from Figure 2, Russia maintained a significant trade surplus. Slovakia's negative current account problems made it a priority in its relations with Russia to resolve the debt issue as quickly as possible. Russia, on the other hand, wanted to use its debt to increase the share of finished and manufactured goods in its exports.

The low level of Slovak imports to Russia was a regular matter for discussion at high-level Russia-Slovak meetings. The Slovak explanation for their exporters' problems in breaking into the Russian market was that they faced increasing competition from western producers who enjoyed credits from their governments, giving them significant advantage over Slovakia's products, according to one account.[240] The Russians took a different view. In most cases, a Russian official argued, Slovak exporters seemed to have the impression that they could offload on Russia products rejected by Western markets.[241] It was suggested that during Meciar's leadership Bratislava expected Russia to accept sub-standard Slovak imports in return for Slovakia's loyalty.[242]

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[238] *SITA*, 21 August 2001, FBIS – EEU-2002-0821; *TASR*, 28 August 2002, FBIS-EEU-0828.
[239] Kopytina, 'Ekonomicheskie Svyazi Rossii i Slovakii,' p. 101.
[240] *TASR*, 31 May 1997, FBIS-EEU-97-153.
[241] *TASR*, 22 October 1999, FBIS-SOV-1999-1022
[242] *Nezavisimaya gazeta*, 8 May 1996.

The above account of Russian-Slovak economic relations demonstrates the interplay of a variety of forces, both internal (to Slovakia and Russia) and external. The Meciar era of what one might describe as 'pseudo-pro-Russian orientation' represented a good opportunity for Russia to advance its interests in the region. The Russian military-industrial complex managed to maintain its presence in the country, which provided it with a stable order list of spare parts and maintenance orders. On the other hand, and perhaps not always with the Russian government's blessing or full awareness, various Russian actors, who perhaps had good connections in the government, took advantage of the permissive environment in Slovakia under Meciar. Their activities, coupled with the polarised political environment in Slovakia and Russia's bad reputation in the region made Moscow's ability to defend its policies in CE even more difficult.

After reviewing the treaties and agreements reached with Russia by the previous government, the opposition parties that succeeded the Meciar government in 1998 concluded that none of them were going to be cancelled or amended. Despite earlier accusations, they found that Russia did not make any attempts at abusing any treaty to the detriment of Slovakia.[243] As Slovakia's Foreign Minister Eduard Kukan tried to explain, most of the fears about secret Meciar era Russian-Slovak agreements were blown out of proportion by the media. No such agreements, save for 'a couple of paragraphs', were discovered by the governmental commission reviewing agreements reached by the Meciar government and Russia.[244] Slovakia's intention, according to Kukan, was to have 'standard' not 'privileged' relations with Russia which, he argued, Bratislava did manage to establish within two years of the change of government.[245]

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[243] *TASR*, 23 February 1999, FBIS-SOV-1999-0223
[244] *Nezavisimaya gazeta-Dipkur'er*, 14 September 2000, p. 11 (3).
[245] *Ibid.*

The record of the evolution of Russia-Czech economic relations is also a demonstration of the primacy of political considerations and circumstances. External influence and lasting suspicion of Russia on the Czech side were matched by Russia's perception of the Czech Republic as a mildly anti-Russian and economically fairly insignificant small nation. Bilateral economic relations, as with the other CE states, were and remain dominated by the large volume of Russian energy and raw materials exports to the Czech Republic, which afforded Russia a positive balance of trade of around USD1 billion a year. For the CE states negative trade balances with Russia were and remain a major problem. The difficulties they had in selling their traditional products on the volatile and unpredictable Russian market made it all the more pressing to get Moscow to pay its Soviet-era debts.[246] When it came to paying debts, Moscow gave preference to settling its debts with international organisations (IMF, World Bank) and leading developed states (such as Germany). The CE's demands for debt repayment were met with Russian proposals either to supply equipment (arms, helicopters and fighter jets) as part payment or else to transfer the debts to the Paris Club of creditors.[247] Prague's suggestion that over USD3 billion of Soviet debts owed by Russia be repaid in gas, oil and raw materials was rejected by Moscow. For Russia these raw materials are a strategically important source of foreign currency which it is reluctant to use for debt repayment.[248]

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[246] In most cases products, traditionally exported to Russia/Soviet Union, were in the aftermath of the break up of CMEA ties replaced by Western equivalents. Often the CE producers have to compete with Western products that are of superior quality and enjoy state subsidies and guarantees.

[247] *Nezavisimaya gazeta*, 16 April 2002, p. 3.

[248] *Lidove noviny*, 22 August 1998, FBIS-EEU-98-234; However, both Russian and Czech press carried contradictory reports on the issue of paying Russian debts with gas and oil: while the above Czech paper argued that the Russian side was reluctant to settle debts through deliveries of energy materials, in April 1997 The Russian governmental newspaper *Rossiyskaya gazeta* reported that the Czech government did not accept Russia's proposal on additional deliveries of gas to pay off debt. (See *Rossiyskaya gazeta*, 23 April 1997, FBIS-SOV-97-113).

In April 1994, Moscow and Prague agreed on a schedule of Russian debt repayments. However, Russia failed to deliver on the agreements, and in April 1997 Prague agreed that Russia would settle the debts on Paris Club terms. Russia was to defer payments for five years, until 2002. Until then Moscow agreed to pay annual interest on the debts.[249] However, the faltering Russian economy led to failure to meet its obligations even on interest payments. Before the 1998 financial crisis, the Czech government reported that Moscow had failed to carry out payment of interest for the year 1996, and that only a fifth of what was due for the year 1997 had been transferred as of August 1998.[250] Following the August financial crisis, Moscow announced a moratorium on sovereign debt payments. This did not include interests repayments. However, in the light of the existing situation, Czech specialists saw little hope that Russia would honour its obligations. Perhaps it is not surprising, then, that the Czech leadership in the end responded positively to Russia's proposals to accept a Tu-154 transport aircraft and spare parts for helicopters and combat aircraft that are to remain in service until 2005 in exchange for debt.[251]

In October 2001, during the first visit in four years by a Russian Prime Minister to Prague, another major agreement was reached on settlement of the Russian debt – effectively a write off of USD2.5 billion.[252] Apart from a significant breakthrough in the debt settlement

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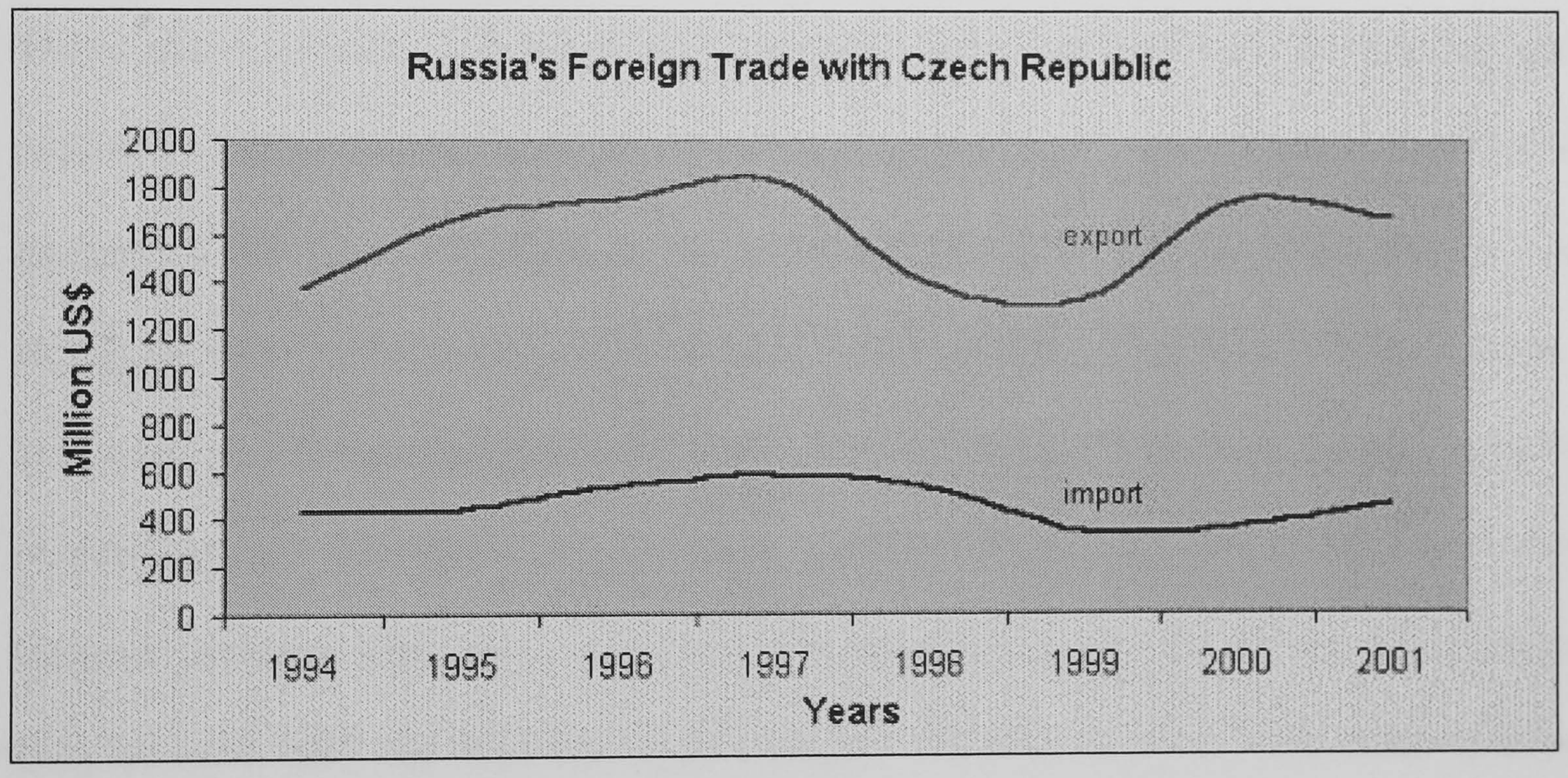
[249] *Rossiyskaya gazeta*, 23 April 1997, FBIS-SOV-97-113.
[250] *Lidove noviny*, 22 August 1998, FBIS-EEU-98-234
[251] *Hospodárske noviny*, 10 September 1998, FBIS-EEU-98-254. Previously Russia had insisted on supplying new arms systems. Half a year later the Czech media revealed that the deal reached with Russia was to the Czech side's disadvantage, as the Czech *CTK* reported it was twice overpriced and contained components that the Czechs did not need to purchase. Moreover, *CTK* found out that some of these components did not function and were even radioactive. The Czech Defence Ministry refuted the allegations, claiming that the prices were in line with current prices on the Russian market and that it had only complained about two sets that were incomplete and one engine that had an error in documentation. See *CTK*, 23 March 1999, FBIS-EEU-1999-0323.
[252] The deal involved a complicated scheme, allegedly masterminded by UES (Unified Electricity Systems) chairman Anatoly Chubais. The USD2.5 billion of Russian debt was sold to Falkon, a Czech company that buys and sells Russian electricity in the Czech Republic. Falkon acquired that share of Russian debt for a fifth of its value, around USD550 million. The UES, in its turned received USD1.35 billion from the Russian government to settle its debts with the Tax Ministry, Gazprom, Rosenergoatom, coal companies and some

issue Russian Prime Minister Kasyanov's visit marked an important step towards normalising bilateral political and economic relations. According to Kasyanov, over the past few years, cooperation between the two countries 'could have been much better'.[253]

The step-by-step expansion of Russian-Czech bilateral trade and cooperation that proceeded in the mid-1990s was upset by the August 1998 financial crisis in Russia, which resulted in an almost 50 percent decline in the volume of Czech exports to Russia.[254] Compared to Soviet times, Russia's share in Czech trade fell from 45 percent to a mere six percent.[255] However, despite such a sharp fall, both countries remain among each other's main trading partners – the Czech Republic is among Russia's fifteen largest importers, while Russia is the fourth largest consumer of Czech products and services.[256]

Figure 3



UES daughter companies. Effectively, according to UES spokesperson Yegorov, none of the cash left the Russian treasury. Falkon, in its turn is supposed to be paid with the supplies of electricity within the next 10 years, worth USD1.35 billion. Responding to the question why the Russian and Czech governments did not settle the deal directly, the Russian government responded that a direct deal would have breached the Paris Club rules. A similar arrangement was used to write off part of Russia's debt to Slovakia. For more details see *Moscow Times*, 25 January 2002, *Financial Times* 24 January 2002.

[253] *ITAR-TASS*, 9 October 2001, FBIS-SOV-2001-1009.

[254] Marina O. Kopytina, 'Rossiya-Chekhiya: Torgovo-Ekonomicheskie Otnosheniya vo Vtoroi Polovine 90-kh Godov.', *Vneshniaya Torgovlya*, 29 June 2001, p. 27-33.

[255] *Ibid.*

[256] *Ibid.*

The poor state of Russian-Czech economic relations, according to Czech Ambassador Dobrowsky, was the direct result of Moscow's policy of neglect towards Prague. Writing in a Russian newspaper in 2001, the Czech official argued that since the end of the 'USSR's political-ideological imprisonment', and following the Czech decision to join NATO and the EU, the Czech republic ceased to be an object of political, military and economic interest for Russia. Relations between the two states had become even colder since the Czech Republic joined NATO. Dobrowsky reminded his readers that even during Russian Prime Minister Chernomyrdin's visit to Prague, where the main focus was supposed to be on economic issues, Chernomyrdin appeared to have warned the Czech side that joining NATO would endanger bilateral relations.[257] The Russian side was also accused of failing to honour bilateral economic agreements and undertakings, be it honouring debt repayments or putting into operation joint production projects in Russia. The scathing account of the state of bilateral relations given by the Czech ambassador reflects a widespread attitude toward Russia among the Czech elite. It is also illustrative of the general feeling of frustration on the part of the CE states with the difficulties they are facing as they try to build economic relations with Russia on a new basis. Russia's economic weakness, coupled with legal and political uncertainties, mutual negative perceptions, and the history of Russian-CE relations all played a part in the evolution of bilateral economic relations in the decade following the dissolution of the Soviet Union. Only in 2000-2001 did Russian-Czech economic relations begin to show some positive signs. In 2001 bilateral trade posted a noticeable rise. Czech exports to Russia rose by 30 percent, while Russian exports to the Czech Republic rose by 12 percent.[258]

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[257] *Nezavisimaya gazeta-Dipkur'er*, 15 February 2001.
[258] *ITAR-TASS*, 10 October 2001, FBIS-SOV-2001-1010.

Direct investment in each other's economies remains very low, and big Russian companies, mainly gas and oil producers and retailers, continue to encounter obstacles in their efforts to expand their presence in the Czech Republic (see previous section). The only breakthrough was achieved by Russian 'LUKoil', which established three petrol stations along major Czech motorways. The Czech Republic on the other hand, made good progress in setting up joint ventures with Russian counterparts. Czech engineering giant Skoda-VMZ, with financial support from the World Bank, set up a joint venture in Vologda to produce trolleybuses.[259] Despite various problems, Czech carmaker "Skoda Mlada Boleslav" persisted in its efforts to establish car production in Izhevsk.[260]

The affirmed economisation of Russian foreign policy appears belatedly to be making a significant impact on bilateral relations with the CE states. Russian Prime Minster Kasyanov stated during his visit to Prague that Russia and the Czech Republic were entering a new stage in economic cooperation: "misunderstandings and bias are a thing of the past".[261]

Russia's relations with Hungary have followed a similar course to those with the Czech Republic. However, the question of Russian debts to Hungary was relatively easily resolved: the bulk of the estimated USD1.7 billion owing to Hungary was repaid through deliveries of Russian fighter planes and spare parts, following an agreement reached during Yeltsin's visit to Budapest in November 1992.[262] Between 1993 and 1996 the Russian weapons export agency Rosvooruzhenie exported 28 MiG-29 aircraft worth USD800

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[259] *Interfax*, 28 September 1998, FBIS-SOV-98-271.
[260] Kopytina, 'Rossiya-Chekhiya'.
[261] *ITAR-TASS*, 10 October 2001, FBIS-SOV-2001-1010.
[262] Alfred. A. Reisch, 'Hungary Acquires MIG-29s from Russia.', *RFE/RL Research Report*, Vol.2. No. 33 (20 August 1993), pp. 49-56.

million.[263] In the following years, Rosvooruzhenie delivered a further USD300 million worth of equipment to Hungary, including NTR-80 armoured personnel vehicles, anti-tank missile systems, ammunition and other equipment.[264] Commenting on the 1992 agreement on arms imports and related services, the Russian Deputy Prime Minister Vladimir Bulgak praised Hungary for its flexible approach towards debt settlement and the acquisition of Russian military equipment. Bulgak commented that "the very idea of such an agreement between Moscow and Budapest is a big step forward in the light of Hungary's intention to join NATO".[265] Bulgak explained Budapest's acceptance of Russian arms as a consequence, firstly, of the pressing need to upgrade its military capacity, and secondly of the fiscal constraints that made it difficult for the Hungarian government to purchase Western equipment.[266] Furthermore, in 2000 Moscow proposed to Budapest to upgrade Hungary's MiG-29 fighters to NATO standards, in cooperation with a specialist German firm. Russia's proposal found support in the Hungarian legislature, although they elicited sharp criticism from the US, which offered its own warplanes.[267]

As far as Russian-Hungarian trade is concerned, one can see a pattern similar to that of Russian ties with the CE states previously analysed: a substantial trade surplus in Russia's favour (due to the big share of energy in Russia's export structure), and difficulties encountered as Hungary attempted to expand its share in Russian imports. The 1998 financial crisis also significantly affected the level of Hungary's exports to Russia, which underwent a 30 percent decline in 1999 compared to the previous year.[268] In the following years bilateral trade figures improved significantly, although there was a further increase of

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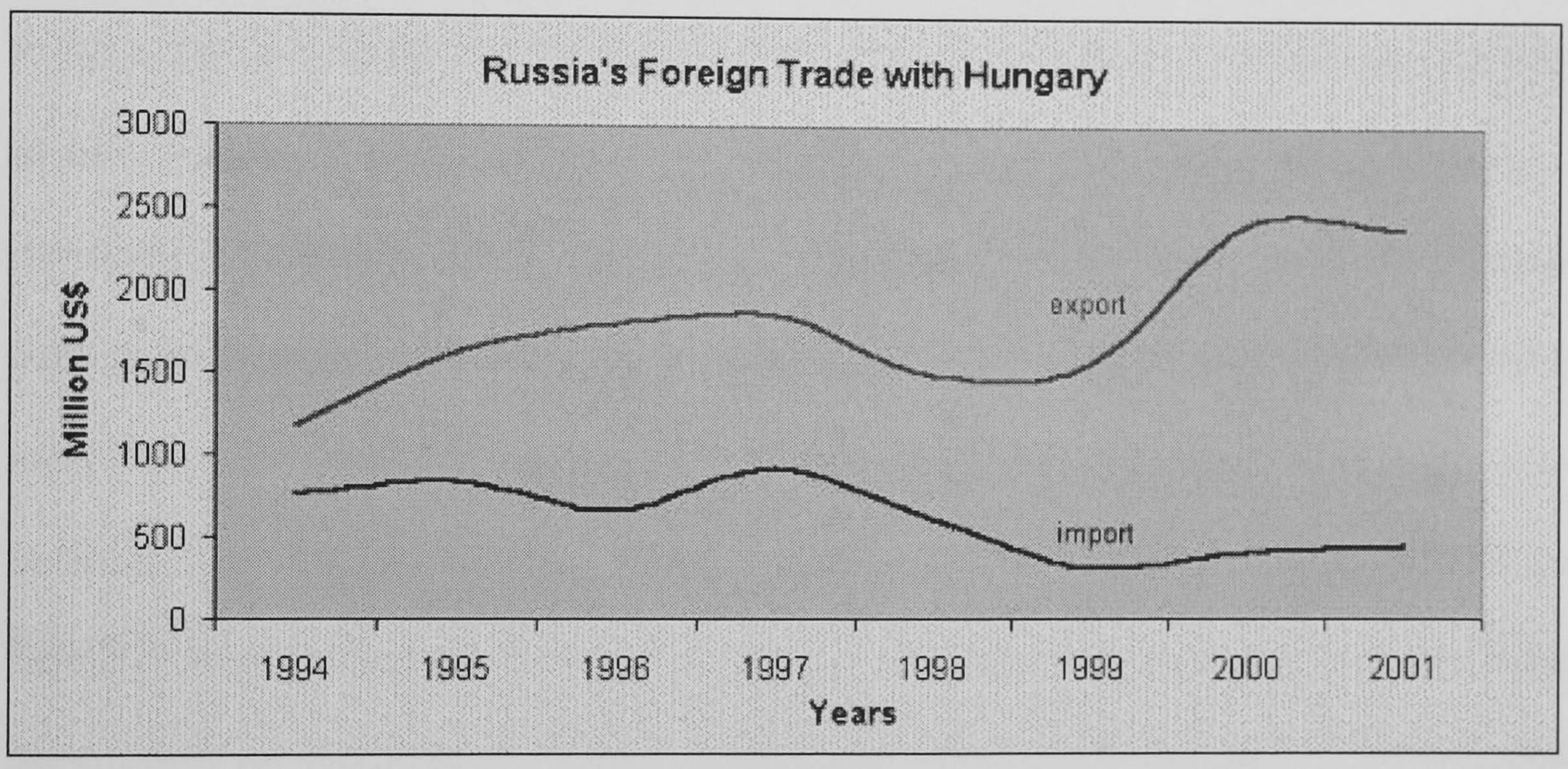
[263] *Interfax*, 3 February 2000, FBIS-EEU-2000-0203.
[264] *Ibid.*
[265] *Interfax*, 11 November 1997, FBIS-UMA-97-315.
[266] *Ibid.*
[267] *Interfax*, 14 August 2000, FBIS-SOV-2000-0814; *Interfax*, 18 October 2000, FBIS-EEU-2000-1018.
[268] *Rossiyskaya gazeta*, 30 November 1999.

the share of energy products in Russian exports. In 2001, exports to Hungary reached USD2.5 billion, whereas Hungary exported USD500 million worth of products to Russia. This made Hungary, along with the Czech Republic, Russia's second largest economic partner in CE.[269] However, when it comes to the structure of products exported to Hungary, as well as other CE states, the indicators are not so positive for Russia. Energy resources in Russia's exports to Hungary grew from 75.8 percent in 2000 to 83.6 percent in 2001, the share of processed products shrunk from 14.9 percent to 10.9 percent, and machinery and equipment declined from 5.1 percent to only two percent.[270]

Figure 4



As far as Russian investments in Hungary are concerned, perhaps surprisingly, Hungary proved to be a more attractive place for Russian investors than the more pro-Russian Slovakia.[271] However, if one takes into consideration how much more predictable, stable and firmly anchored in the West the Hungarian economy was, the choice of Russian

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[269] *Rossiyskaya gazeta*, 06 April 2002, p. 7.

[270] *Kommersant-Vlast'*, 02 July 2002. The change in the structure of Russian exports to Hungary is due to the fact that Russia exported less military equipment to Hungary than in the previous period, at the same time Budapest introduced import quotas on Russian metal and a 45 percent import duty on Russian nitrogen fertilisers, thus changing the balance towards a larger share of energy products in its exports. See *Itar-Tass*, 18 January 1999, FBIS-FBIS-SOV-99-018, *Interfax*, 4 February 2000, FBIS-SOV-2000-0204.

[271] Balmaceda, 'Economic Relations and the Ukrainian-Central European-Russian Triangle', p. 193.

investors is less puzzling. The very 'closeness' of the Slovak economy and its leaning towards Russia during the Meciar governments made it a less attractive partner not just in the eyes of Western investors, but also Russia's. Although data on Russian capital investments in Hungary, and indeed other CE states is scarce, some conclusions can be drawn from the informa tion that is openly available. As mentioned in the energy section of this chapter, Russian gas and oil producers remain one of the major Russian economic players in the country. Although not without controversy, in large part motivated by traditional suspicion of Russian intentions in the region and aggravated by the lack of transparency within Russia's major enterprises, Gazprom became one of the largest Russian capital investors in the Hungarian petrochemical industry. While Gazprom failed to take control of Borsodchem, one of Hungary's biggest integrated chemical plants, it established a joint company "Panrusgaz". The remit of Panrusgaz is to the purchase Russian natural gas and distribute it in Hungary, to export it on, as well as to construct and administer new transport pipelines and storage capacities in Hungary.[272] Gazprom also controls 10 percent of the shareholdings in two Hungarian gas companies, ÉGÁZ and DÉGÁZ. And the important outpost of Russian capital in CE is the ÁÉB bank mentioned above, used by Gazprom to finance Russian gas deliveries to Hungary.[273] Among other large-scale Russian investments are the Ikarus bus factory (a 32 percent of the shareholdings) and Dunántúli Koolajipari Gépgyár (Dunántúl Oil Machinery Factory, 68 percent).[274]

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[272] See footnote 182.
[273] *Op cit.*, p. 193. It was reported, however, that at the beginning of 2001 Gazprom reduced its share in AEB from 51 percent to 25 percent. The move came against the background of new Gazprom the leadership's policy to rid company of some of its assets that are not directly related to its profile. See *Kommersant-Daily*, 27 April 2001, p. 4.
[274] Balmaceda, 'Economic Relations and the Ukrainian-Central,' p. 193.

From this account of Russian-CE trade-investment relations we can draw a number of conclusions. As was mentioned in passing, in contrast to Hungary, Slovakia did not prove to be such an attractive market for Russian investors for most of Meciar's tenure. While Slovakia under Meciar offered Russian capital immediate advantages, the long-term prospects for the security of investment and the outlook for cross-border expansion did not seem too encouraging. The disparity between the official expression of support for closer ties with a 'fraternal' state and the real interest expressed by Russian economic actors points to the lack of coherence in interpretation of Russian interests on the part of its leadership. They seem to have been largely formulated in a reactive, day-to-day way, lacking long-term vision and not based on calculations of Russian economic interests in the region, as reflected in the behaviour of Russia's main economic actors. Indeed, as was suggested earlier in the chapter, perhaps it was only the Russian giant Gazprom and other energy companies which really had a long-term policy of operation in Central Europe. The latest developments in this area back this suggestion: having invested in a joint Russian-Slovak gas trading venture "Slovrusgaz" in April 1997, in March 2002 Gazprom acquired 49 percent of SPP in a consortium with Ruhrgas and Gaz de France for USD 2.7 billion. In December 2001 the Russian oil company Yukos acquired 49 percent of Slovakia's oil pipeline operator Transpetrol for USD74 million.

The above record shows similarities and differences in the conduct of Russian economic relations with the CE states. Similarities lay in the commonality of obstacles the CE states encountered in their trade relations with Russia: lack of government support and protection, an uncertain political and poor legal environment in Russia, and stiff competition from Western producers. This translated into CE's negative trade balance with Russia. For their part, Russian producers, mainly from the energy sector, also experienced

significant opposition to conducting their activities in Central Europe as a consequence: CE governments' desire to diversify energy supplies from Russia and diminish dependence on Russia as the only source of natural gas. The issue of gas dependence on Russia was a highly politicised one, especially in Poland and the Czech Republic. At the same time one could see varying degrees of official unfriendliness towards Russia, depending on the political make up of leaderships in the CE states. As was demonstrated above, as a rule, leftist governments in CE followed a more pragmatic, balanced foreign policy, which influenced economic relations with Russia. While maintaining their strategic orientation towards integration with the West, they were keen to sustain and develop relations with Russia. As the case of Russian-Polish relations, for example, demonstrated, Warsaw's achievement of NATO membership and Moscow's warmer relations with the West under Putin, removed some of the old fears and irritants and led to more balanced, less politicised bilateral relations.

On the other hand, frequent changes of government in Russia, coupled with severe economic upheaval, also hindered the development of bilateral relations during the Yeltsin years. The institutional weakness of Russian foreign policy and the lack of coordination of external economic policy were also important factors. With the arrival of a new president in Russia, and more of a 'one-voice' foreign policy, and with an even greater emphasis than before on the economisation of Russian foreign affairs, relations with the CE states underwent a qualitative change. Under Putin's presidency, Moscow put greater emphasis on economic relations with Europe, as its largest trading partner. Russia demonstrated greater interest in improving dialogue with the EU, prompted by its imminent enlargement and the changes that it was introducing in its energy sector. The following section analyses the evolution of Russian-EU relations in the context of EU enlargement plans that

envisaged all four CE states in question becoming EU members within between two to five years.

Russia, CE and EU Enlargement

The dual process of European enlargement, of NATO and of the EU, will have a lasting influence on, and change the character of, Russian European security policy, in both its military-political and 'soft' security aspects. Whereas NATO enlargement caused a great deal of political controversy and significantly impacted on Russia-CE relations and more broadly on Russia's relations with the West, EU enlargement, according to A. Hyde-Price, will be an incomparably more significant process in reshaping the post-Cold War European order.[275] Although Russia does not in the foreseeable future, and will not, aspire to full membership in the EU, the EU enlargement process is already having tangible effects on Russia's relations, with the current EU and its prospective members in the political, economic and societal spheres. The process of EU enlargement to include as many as ten new countries, mainly from Central and South Eastern Europe, and the Baltic states, brings out a plethora of issues of mutual concern.[276] This section looks at the impact the four CE states' accession to the EU has had and is likely to have on Russia's relations with these states and how their membership of the EU might affect Russia-EU relations.

Russia's cooperation with the EU spans and affects a range of security concerns that came to the forefront in the post-Cold War environment. As pointed out above, the process of EU enlargement is not only a matter for concern for the current EU member-states and

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[275] Adrian Hyde-Price, 'The Antinomies of European Security: Dual Enlargement and the Reshaping of European Order', *Contemporary Security Policy*, Vol. 21. No. 3 (December 2000), p. 154.
[276] Details of Russian conceptualisation and political debates on the effect of EU enlargement for Russia's place in Europe and relations with the West are provided in Chapter 2.

aspiring candidates. Apart from the big challenges that EU enlargement presents for the functioning of EU institutions, the rules that govern it and how they should best be adapted to accommodate a larger number of states, the EU enlargement is naturally forcing changes on the pattern of relations with the states left outside the EU. Although the full implications of these changes will not become apparent until after enlargement, the changes being adopted by candidate states and compliance with all the EU *acquis communautaire* are already affecting Russia's relations with the CE states under discussion. CE integration with the EU, unlike their joining NATO, is having immediate and tangible effects on Russian interests in the region.

Being left outside the process of European integration, Russia found itself facing the question of how best to approach the changes taking place on its eastern borders so that its European foreign policy truly reflected its national interests. It was not a question of mere 'damage limitation' but of a strategic choice Russia had to make. In broader terms, European enlargement affects one of Russia's most sensitive areas – the question of Russia's identity and strategic orientation in the post-Cold War environment. Russia's response to these challenges will have a lasting effect on the nature of its foreign and national security policy. The European Union and its enlargement process has become one of the key external factors affecting the Russia-CE security complex and the nature of security within it. Russia's response to CE joining the EU is determined by the views that Russia's political and economic elite hold of the EU, as well as their threat and opportunity assessment of the implications of its enlargement.

EU enlargement, despite the largely positive assessment given to it by Russian elites, has nevertheless brought out traditional fears of Russian isolation and curtailment of influence

in the region.[277] Moscow's initial enthusiasm for EU enlargement was in part motivated by the view that it was a preferable alternative to the enlargement of NATO.[278] It also, however, reflected more pragmatic considerations. The EU, Russia's largest trade partner, accounting for 35-40 percent of all Russian foreign trade, is seen as a principal source of investment and expertise to support Russian reforms. It is also seen as a possible model for Russia's own integration projects within the CIS framework, and other integration projects (the Russia-Belarus Union, the Eurasian Economic Community).[279] At the same time, Russian elites harbour a degree of irritation with the EU for its criticisms of Russia's human rights record, its activity in the Chechen conflict, and its poor respect of democratic values.[280] Finally, some recent studies have drawn attention to the surprising amount of ignorance in Russia about the EU and its significance.[281]

Until recently, that is not until the late 1990s when official attention became more drawn to the possible negative effects of EU enlargement on Russian trade and cross-border relations, the Russian mass media paid scant attention to the EU. Russia's relations with the EU were considered to be primarily economic and technical, and of little relevance to

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[277] Dmitri Danilov points to a consensus that appeared in Russia with regard to EU enlargement, and quotes Russian Communist Party leader Genadi Zyuganov saying that EU enlargement is a positive and very important element. Zyuganov's conclusion comes from the assumption that by enlarging the EU will be able to exert more influence in Europe and internationally. Such a statement points to the importance the Russian elite tends to put on the EU as a counterbalance to NATO/US influence in Europe. Dmitri Danilov, 'Otnosheniya Rossii i ES v Kontekste Rashireniya NATO', *NATO: Fakty i Kommentarii* (http://www.inion.ru/product/nato/nato6_3.htm: INION, 8 November 2000).

[278] Vladimir Baranovsky, 'Russia: a Part of Europe or Apart from Europe?' *International Affairs*, Vol. 76. No. 3 (July 2000), p. 453.

[279] Igor Leshukov, 'Rossiya i Evropeiskii Soyuz: Stretegiya Vzaimootnoshenii', in *Rossiya i Osnovnye Instituty Bezopasnosti v Evrope: Vstupaya v XXI Vek*, ed. by Dmitri Trenin (Moscow: Moscow Carnegie Center, 2000)., p. 25.

[280] *Ibid.*, p. 25.

[281] Many Russians, and even those in the professional elite, have no clear understanding of the powers and decision-making process of the EU, which they often confuse with the Council of Europe. See David Gowan, *How the EU Can Help Russia* (London: Centre for European Reform, 2000), p. 5; Margot Light, Stephen White, and John Löwenhardt, 'A Wider Europe: the View from Moscow and Kyiv', *International Affairs*, Vol. 76. No. 1 (2000), p. 82.

the daily lives of Russians.[282] More interestingly, despite significant changes that have taken place in the EU decision-making process and the evolution of EU common policies, controlled by the European Commission and governed by an intricate body of EU law, Moscow persisted with an overwhelmingly bilateral style of relations with the EU states characteristic of Soviet days.[283] The foreign policy style of President Yeltsin, who preferred personal contacts and informal meetings with key figures in leading EU countries, Russia's obsession with geopolitical models and nurturing poles of a new 'multi-polar world order', the structure of the Russian MFA, which even today lacks a unit responsible for the EU, and operates on a country-by-country basis, are all important reasons for the lack of understanding in Moscow about what the EU really is and how it works.[284] Recently, in his new book *The New Russian Diplomacy* Russian Foreign Minister Igor Ivanov, referring to Russia's ties with Europe, insisted that 'one of the fundamental tenets of Russia's European policy is the expansion of bilateral relations with individual countries'.[285] When referring to the place of the EU in Russian foreign policy, Ivanov emphasised somewhat optimistically the evolution of the EU's unified defence and security policy, and praised the EU's desire to rely on its own forces to ensure security and deal with crisis situations as 'logical'.[286]

Thus Russia's shift towards a more geopolitical world view, which emphasised 'balancing acts' with other 'poles of power' rather than integration, its economic weakness and simple lack of knowledge about the EU, were key reasons for the lack of interest in developing

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[282] *Ibid.*
[283] Timofei Bordachev, *Terra Incognita*, ili Evropeiskaya Politika Rossii', *Pro et Contra*, Vol. 6. No. 4 (2001), p. 25.
[284] *Ibid.*
[285] Igor S. Ivanov, *The New Russian Diplomacy* (Washington, D.C: The Nixon Center and Brookings Institution Press, 2002), p. 95. It is also telling that Igor Ivanov referred to Jean Monnet as one of the Council of Europe's leading ideologists, not as the ideologue of the European Coal and Steel Community, see. p 102.
[286] *Ibid.* p. 103.

relations between the EU and Russia during the Yeltsin presidency. As was noted before, the situation was worsened by NATO enlargement which consumed most of Russia's foreign policy energy, while the EU's stance on the Chechen conflict put its ties with Moscow on ice. Russia's first war in Chechnya delayed until late 1997 ratification of the 1994 Partnership and Cooperation Agreement (PCA) that lays down the legal groundwork for Russia-EU relations, and the second Chechen campaign in 1999 again led to a cooling of relations.

However, despite the EU's uneasiness as to how to approach Russia in the light of its internal political and economic upheavals, and Russia's negative reaction to the Kosovo crisis, 1999 was a year that saw significant developments in EU-Russian relations. Russia finally officially presented the EU with a "List of Russia's Concerns with regard to EU Enlargement". Moscow became more concerned with the effect EU enlargement would have on the Russian exclave Kaliningrad region, something that until then it had refused to discuss officially.[287] In the same year the EU, acting within the framework of the new Common Foreign and Security Policy enacted by the Amsterdam Treaty (1997), adopted its *Common Strategy on Russia* (CSR). In response, Russia promulgated its own *Medium-term Strategy for Development of Relations between the Russian Federation and the European Union (2000-2010)*, which was handed to the EU delegation at the EU-Russia Summit in Helsinki in October 1999.[288]

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[287] Leshukov, 'Rossiya i Evropeiskii Soyuz', p. 41

[288] Russian EU scholar Yuri Borko provides evidence that even when the Russian government was aware that the EU was preparing *The Common Strategy on Russia* Russian officials did not appear to see the need to provide the EU with Russia's own strategy on relations with the EU. It was only with the Institute of Europe of Russian Academy of Sciences' suggestion that Russia should prepare a response to the EU, that the Russian government started to draw up the *Medium-term strategy*. See Yuri Borko, 'The European Union's Common Strategy on Russia: A Russian View', in *The EU Common Strategy on Russia. Learning the Grammar of CFSP*, ed. by Haukkala, Hiski, Sergei Medvedev (Helsinki, Berlin: Ulkopoliittinen instituutti, Institut für Europäische Politik, 2001), p. 118

The above gives us an idea of the context in which Russia's assessment of CE accession to the EU was formed. From the dynamics of Russia-EU relations we can derive indications of how Russia sees the EU, of where Russia's overall European foreign policy is heading, of what approach Moscow is likely to take in dealing with the current or anticipated negative consequences of EU enlargement, and of what opportunities it sees. The consequences of CE states' accession to the EU will have for Russia's relations with these states will not be fully known or understood until after the CE states ascend to full membership of the EU. To the Russian leadership's credit, particularly since the late 1990s, it has evidently become more aware of the possible negative side effects of EU enlargement and adopted a more focused and pro-active approach to fostering relations with Brussels and the candidate states. The increase in the intensity of Russia-EU activities seems to be connected with a deliberate move by President Putin to give priority to relations with the EU and at the same time to overcome the impasse of the 1990s in Russia-CE relations. The Russian establishment, because of this change of priorities and the even greater emphasis of Russian foreign policy on the economic dimension, began to overcome its short-sighted and passive approach to the EU enlargement process.

At the time of writing Russia's negotiation of its place in the new enlarged Europe is very much a "work in progress". Any conclusive statements on where Russia will arrive as a result are difficult to make. As set out in Chapter 1, this thesis has a much less ambitious aim – to determine and assess the driving forces behind Russia-CE security relations. EU enlargement is one variable that significantly affects Russia and CE in all areas of inter-state and international relations. In broader terms, is the enlarging EU a bearer of security and prosperity or does it bring challenges and possible isolation for the Russian Federation? Will the CE states' membership of the EU bring Russia closer to Europe or

drive it even further away? These hypothetical questions have a very practical meaning for the many thousands of Russians living in the Kaliningrad enclave wedged between Poland and Lithuania without land surface access to 'big Russia'. The survival of the enclave depends on trade with its neighbours, who are soon to become EU members. Kaliningrad is perhaps a testing ground and an extreme example of what the EU on Russia's doorstep will come to mean. The Russian leadership seems to recognise that developing cooperative relations with prospective members of the EU, and in particular with those sharing a border with Russia, is in its long-term interests.

EU enlargement and Russia's economic interests and security

Writing about EU enlargement and its effects on the Russia economy, it has become a commonplace to calculate that the EU's share in Russia's foreign trade will rise from present 35 percent to nearly 50 percent. That is, as much as half of all Russian foreign trade will be with the EU.[289] The EU, in its current form, is also Russia's biggest capital investor: 1998 figures show that as much as 79 percent of all foreign investment originated in the EU.[290] Thus for Russia the EU is and will remain the most significant economic partner, and crucial for its economic security. Yet these impressive figures do not reflect the asymmetry that characterises Russian-EU relations. In terms of trade and investments Russia does not matter to the EU to the same extent that the EU matters to Russia. In 1998 Russia accounted for only three percent of the EU's external trade. However, 21 percent of the EU's natural gas and 12-15 percent of its oil and oil products come from Russia. With CE's much bigger dependence on Russian energy supplies, the immediate effect will be that Russia's share in the enlarged EU energy market will also grow.

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[289] Tkachenko, 'Rashirenie ES i Voprosy Bezopasnosti Rossii', p. 55, Christopher Patten, 'The EU and Russia', *International Affairs*, Vol. 47. No. 2 (2001), pp. 59-65.
[290] Tkachenko, 'Rashirenie ES i Voprosy Bezopasnosti Rossii'.

The CE states' accession to the EU will not drastically alter the pattern of Russia's trade with them. As was noted in the previous section, ever since the end of the CMEA system both Russia and CE have drastically redirected their mutual trade in the direction of the current EU. The CE states joining the EU will finally remove remaining barriers and seal their status as full members of the European common market. CE's membership of the European Union will also spell a loss of control over external economic policy. At the same time, the CE states will be taking part in decision making on EU common policies. These are some of the key changes that Russian policy-makers will have to adjust to once the CE states join the EU. CE's new status will bring about, and is already bringing about, yet another adjustment in the way the Russian authorities have to approach the region.

Russian and EU experts seem to disagree, however, as to whether EU enlargement will have overall positive or negative effects on Russian trade. Brussels insists that the CE states' accession to the EU will automatically make them party to the PCA that grants Russia Most Favoured Nation (MFN) status. As a result of the implementation of a single tariff by new member-states, the current CE average levy on Russian goods of 8 percent will reduce to one percent EU average. The EU also argues that in reality, because Russia's exports to the EU and CE states are predominantly non-manufactured, low added value products, the average trade barrier, as estimated by the Commission, is 0.3 percent.[291] As was noted before, at the moment Russia complains about high tariffs being imposed by Hungary and Poland on Russian metals and chemical products.

However, Russia voiced concern over the non-tariff restrictions (quantitative restrictions), competition and anti-dumping policies that it encounters in trade with the EU. Russia`s

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[291] *Ibid*, p. 59; also David Gowan, *How the EU Can Help Russia* (London: Centre for European Reform, 2000), p. 19.

manufactured products of high added value are subject to such restrictions, as the EU has not recognised Russia as a market economy and claims that some of Russia's goods are being sold at dumping prices. Twelve Russian products face anti-dumping procedures launched by the EU.[292] Russia's fear is that these procedures will be applied to the goods Russia exports to CE.[293] For Russia, which is keen to expand the share of manufactured products in its exports to Europe, the prospect of widening anti-dumping procedures is a serious source of concern. Among other non-tariff obstacles that could affect Russian exports to the current CE states is their adoption of EU quality procedures and other standards. As a result, the already small proportion of Russian manufactured goods that constitute CE imports will decline even further. According to calculations produced by the Russian Ministry for Economic Development and Trade, Russia will suffer an estimated USD250-300 million in direct losses annually as a result of CE joining the EU.[294] These losses however, could be averted if Russia were to join the WTO and were to be recognised as a market economy.

One other important factor that could possibly affect Russia's interests in the CE states is the direction of EU energy policy. The issue has already been dealt with in the energy section of this chapter. Suffice it to say at this point that Russia's fears that CE might significantly reduce its energy dependency should be allayed by the fact that at this stage and for the foreseeable future CE would in practice not be able to do so. There are no alternative sources of supply that are as competitive and as readily deliverable as the Russian ones. In addition, the EU sees Russia as a long term and dependable energy supplier. Brussels also recognises that to secure stable supplies Russia needs technology

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[292] *Nezavisimaya gazeta*, 26 October 1999

[293] Nikolay Zakhmatov, Viktor Fomichev, 'Integratsiya Pol'shi v ES i interesy Rossii' (http://isn.rsuh.ru/iu/journal/journal4.20001/7.htm:).

[294] *Interfax*, 22 February 2001.

and the capital to increase production. Moreover, all the existing and planned energy routes run across Central Europe, where Russia and EU countries cooperate in developing capacities and infrastructure. All these questions became part of a broader Russia-EU energy dialogue that the two sides initiated at the high-level Russia-EU October 2000 summit in Paris.[295]

EU enlargement, CE and the Kaliningrad region

Whereas both Russian and EU officials tend to put a largely positive spin on the effects of EU enlargement for Russia (an energised and more substantive Russia-EU dialogue under Putin gave more reason for many to believe that this was justified), the future of the Kaliningrad *oblast* is proving to be a stumbling block on the road to Russia-EU rapprochement. The anomalous situation that Kaliningrad will find itself in once Poland and Lithuania join the EU means that it will be even more isolated from 'big Russia'. The EU's strict external border rules, laid down in the Schengen agreement, will make land communication between the two parts of Russia problematic. Any Russians wishing to travel between Kaliningrad and mainland Russia by land are likely to have to possess an international Russian passport and a valid Schengen visa.[296]

These changes affect the nature not only of Russia-EU relations, but also Russian-Polish relations. The extent to which the EU, Poland and Russia agree to cooperate and find solutions to the Kaliningrad problem will either impose new dividing lines at the EU's new eastern borderlands, and thus increase the sense of isolation and 'otherness' amongst Russians, or, alternatively, create an even longer 'interface' of cooperation and enhanced

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[295] Patten, 'The EU and Russia', pp. 61-62.
[296] Poland plans to stop visa-free travel for Russian in July 2003., *Rzeczpospolita*, 7 March 2002. FBIS-SOV-2002-03-07.

security between Russia and the EU. Which alternative is to be preferred seems obvious. Yet the achievement of a positive outcome is not without obstacles. These are not always of a material nature, but rather political, arising from the key problem of perceptions and misperceptions. The fact that Kaliningrad *oblast'* will be a Russian enclave within EU territory in the not so distant future is not open to question. How the region is going to function in the new environment and what effect EU enlargement will have on its existence, on the other hand, is a question without a clear answer. Lithuania and Poland will have to adopt all the EU *acquis* as required by the Amsterdam Treaty before their accession to the EU, and will therefore have to remove all the internal barriers separating them from the other EU member-states, and strengthen their "external" borders, Kaliningraders will have to adapt to these new realities. Taking into account the relative weakness of Russia's regions in determining their external policies, Moscow's position in relations with current and aspiring EU member-states will be of central importance. Russian-Polish relations, in this respect, are one of the vectors on which solutions to the Kaliningrad problems will have to be looked for.

Map 2

Evolution of Russian federal policy (or rather its haphazard nature) towards Kaliningrad throughout the 1990s and developments within the exclave in the last decade inform to a great extent the perception of the region in the EU and its neighbours.[297]

Kaliningrad's past as a Soviet military outpost in the Baltic continues to have a bearing on Moscow's perceptions. After the Cold War, the region found itself isolated from 'big Russia', which led to problems over basic supplies, energy, raw materials transport, communication and travel. As a result of extended militarisation and the closed character of the region during Soviet times, as well as its 'exclave' location, Kaliningrad's economy became almost exclusively dependent on external trade, and it now imports almost 90 percent of what it consumes.[298]

The initially optimistic views that saw the Kaliningrad region as a bridgehead of Russia's Europeanization, accompanied by an integration-centred agenda, favouring greater openness and increased cross-border cooperation, ran into difficulties throughout the 1990s. As Pertti Joenniemi observed, new and previously unexplored ideas pertaining to the European agenda sow seeds of an unwelcome ambiguity amongst Russian policy-makers, challenging the traditional realist logic of 'security'.[299] In wider terms, Russia's inability to deal with the Kaliningrad region is a product of Russia's ongoing search for its

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[297] A considerable literature exists on the Kaliningrad question. Among the most recent and widely cited works are Pertti Joenniemi, Jan Prawitz *Kaliningrad: The European Amber Region* (Aldershot: Ashgate, 1998), James Baxendale, Stephen Dewar, David Gowan, *The EU and Kaliningrad. Kaliningrad and the Impact of EU Enlargement* (London: Federal Trust for Education and Research, 2000); Lyndelle D. Fairlie, Alexander Sergounin, *Are Borders Barriers? EU Enlargement and the Russian Region of Kaliningrad*, Programme on the Northern Dimension of the CFSP, No. 13 (Helsinki, Berlin: Ulkopoliittinen instituutti, Institut für Europäische Politik, 2001); Pertti Joenniemi, Stephen Dewar and Lyndelle D. Fairlie, *The Kaliningrad Puzzle - A Russian Region within the European Union* (Karlskrona, Sweden: The Baltic Institute and The Åland Islands Peace Institute, 2000).

[298] Sander Huisman, *A New European Union Policy for Kaliningrad*, Occasional Papers, European Union Institute for Security Studies (Paris: March 2002), p. 10.

[299] Pertti Joenniemi, *Kaliningrad as a Discursive Battle-Field*, COPRI Working Paper No. 15 (Copenhagen: Copenhagen Peace Research Institute, 1999), pp. 9-10.

place in the world and an ongoing-process of nation building. Any hints at decentralisation and autonomy resonate with fears of centrifugal forces taking hold of the Russian Federation.[300] And although in recent years Moscow became more open towards regional cooperation, ideas commonly associated with globalisation – "vanishing borders", "borderless world", "fragmented sovereignty" and others – are not very welcome among many at the core of the Russian political establishment.[301] Moreover, Russia's limited historical claim on Kaliningrad made Moscow especially sensitive about the claims of nationalists in Germany, Lithuania and Poland who in the early 1990s made claims on the zone.[302] Despite the fact that the governments of these states denied any interest in the territory of Kaliningrad, in the early 1990s the Russian government was suspicious that foreign investments in Kaliningrad and land acquisitions would be used as a concealed means to return the land to foreign control and to push Russia out of Europe. As a result, land reforms were held back and Kaliningrad arguably missed out on significant foreign investment.[303]

In this light, it is not surprising that, as Stephen Dewar noted, some Moscow-based analysts and politicians seriously debated whether a poor but traditional Kaliningrad might

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[300] Andrei Makarychev, working Paper No.2, *Islands of Globalization: Regional Russia and the Outside World*, Project on "Regionalisation of Russian Foreign and Security Policy," Center for Security Studies and Conflict Research (Zürich: Eidgenössische Technische Hochschule, August 2000), p. 25.

[301] *Ibid.*, pp. 25-26.

[302] For example, in 1993 the Lithuanian Ambassador to the United States claimed Kaliningrad as Lithuanian territory. However, the Lithuanian government has subsequently retracted all such statements. Similarly neither the German or Polish governments have made a claim on Kaliningrad and are unlikely to do so. Richard J. Krickus (1998) *US Foreign Policy and the Kaliningrad Question* (Copenhagen: DUPI Working Papers 1998/18) pp.5-6. Also see, Christian Wellmann (1996) 'Russia's Kaliningrad Exclave at the Crossroads: The Interrelation between Economic Development and Security Politics', *Cooperation and Conflict* (Vol.31, No.2) pp.171-174; Ingmar Oldberg, 'Kaliningrad', pp.16-24; Ramunas Janušauskas (2001) 'The 'Kaliningrad puzzle' in Lithuanian and Russian political discourses', in Pertti Joenniemi and Jevgenia Viktorova (eds.,) *Regional Dimensions of Security in Border Areas of Northern and Eastern Europe* (Tartu: Tartu University Press) pp. 224-229.

[303] Pertti Joenniemi, Stephen Dewar and Lyndelle D. Fairlie, *The Kaliningrad Puzzle*, p. 6.

not be better than a prosperous and internationally integrated one.[304] The ambiguity surrounding the future direction of the region was also reflected in the cautious approach that its neighbours adopted in developing ties with the region. Moscow's lack of a clear vision of the future, coupled with isolationist and 'strong centre' attitudes have also held back the development of Kaliningrad's cross-border ties. At a conference, on Kaliningrad A. Zmeyevsky, an ambassador at the Russian Ministry for Foreign Affairs, suggested that cross-border cooperation needed to be dealt with circumspectly and that the process should not be forced:

> Otherwise, it will be difficult to draw a boundary between cross-border co-operation and *the economic, demographic and cultural or religious expansion of contiguous countries.* It would be a great nuisance, if the established climate of trust and equal co-operation should be destroyed as a result of thoughtless, premature and controversial initiatives on cross-border co-operation.[305]

Some observers have also seen President Putin's federal reforms, which are widely believed to be aimed at strengthening "vertical power", as an attack on the regions and as aimed at consolidating Moscow's control over Russia's territory.[306]

At the same time, while Moscow struggled with how best to deal with the Kaliningrad region, the *oblast* leadership used the 'secession argument' to pressure the central government to pay more attention to the exclave. In 1994 Yuri Matochkin, the governor, warned Moscow that unless it began to seriously tackle Kaliningrad's problems, compounded as they were by its geographical location and military-industrial heritage, he would call a referendum on secession. Whether it was posturing or not on the governor's

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[304] Stephen Dewar, *Why Kaliningrad is "Unique" in the Russian Federation*. Presentation to an IESW conference in Kaliningrad, 8-9 September 1998, cited *ibid*., p. 9.

[305] A. V. Zmeyevsky, Ambassador, Russian Ministry of Foreign Affairs, speech in *Conference on the Northern Dimension and Kaliningrad: European and Regional Integration, 17-18 May 2000* (Copenhagen: Royal Danish Ministry of Foreign Affairs, 2000), p.19, quoted in Christopher S. Browning, *The Internal/External Security Paradox and the Reconstruction of Boundaries in the Baltic: The Case of Kaliningrad* (Copenhagen: Copenhagen Peace Research Institute, 2002), p. 30-31.

[306] Michael Emerson *The Elephant and the Bear: The European Union, Russia and their Near Abroads* (Brussels: Centre for European Policy Studies, 2001) p. 20; Sergei Jakobson-Obolenski 'Kaliningrad – the Responsibility of Centralised Russia', *Ballad Reports*, 01 February 2001, Available at http://www.ballad.org

part, it did have an effect on the federal government.[307] Responding to Kaliningrad's obvious 'special character', the Kremlin gave the *oblast'* a privileged status as a Free Economic Zone (FEZ) with significant tax exemptions to compensate for its isolated location. Thus, the FEZ could be seen as a 'pilot region' that could become a West-East trade bridge, Russia's Hong-Kong, and speed up economic recovery through foreign trade, technological cooperation with foreign countries and attraction of investment and technology.[308] To an extent, Kaliningrad region's Governor Yuri Matochkin, a liberal and Yeltsin appointee, was successful in establishing special relations with neighbouring Lithuania and Poland. In 1995, a Russian-Polish Council on Co-operation of Regions of North-Western Poland with the Kaliningrad *oblast* was set up. The region's international border crossings were opened and progress was made on improving the transport infrastructure. A European gauge railway from the Polish border to the city was restored and the Russian part of the Kaliningrad-Elblag motorway was reconstructed.[309]

Map 3

Map by Martin Bo Nørregaard

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[307] Browning, *The Internal/External Security Paradox*, p. 31.

[308] Alexander Sergounin, 'EU Enlargement and Kaliningrad: The Russian Perspective', in *Are Borders Barriers?* ed. by Fairlie, Lyndelle D., Alexander Sergounin (Helsinki: Ulkopoliittinen instituuttiand Institut für Europäische Politik, 2001), p. 163.

[309] Alexander Songal, 'Kaliningrad Oblast: Towards a European Dimension', in *The EU and Kaliningrad. Kaliningrad and the Impact of EU Enlargement*, ed. by Baxendale, James, Stephen Dewar, David Gowan (London: Federal Trust for Education and Research, 2000). p. 102.

By 1994 however a shift in Russian foreign policy became apparent, reflected in the way the federal authorities perceived the region in the geopolitical environment. Some Russian officials saw little positive effect from the special economic status that the region enjoyed. As Russian Deputy Prime Minister Sergey Shakhrai complained at the time, the region was being turned into a channel for the export of raw materials and for the creeping expansion of foreign influence in the economic and ethnic sphere, with the prospect of the creation of a 'fourth independent Baltic state'.[310] Shakhrai proposed creating targeted zones of free trade activity instead of setting up a whole region of free trade, emphasizing that 'we have again to declare clearly the priority of Russia's military-strategic interests in the Kaliningrad *oblast*'.[311]

Ambiguity surrounding Kaliningrad's status as a FEZ continued and was reflective of the shifts in Russian foreign policy and countrywide process of power-struggle between the regions and the centre. Kaliningrad's Governor Matochkin was successful in lobbying Moscow for special status for the region. And despite strong opposition, the *oblast* governor was granted the right to deal directly with the Polish and Lithuanian governments on the issue of subregional cooperation, including participation in the Euroregions. Moscow also appointed a special representative of the MFA in the region, while Polish and Lithuanian consulates, along with honorary Swedish, Danish and Icelandic consulates were opened in Kaliningrad. The Kaliningrad *oblast* also established trade missions in Gdansk and Vilnius.[312]

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[310] Quoted in *op. cit.* pp. 164-165.
[311] Quoted *Ibid.*, p. 164.
[312] *Ibid.*, p. 166.

Yet in 1995, under pressure from the 'centralists', the Russian government abolished the customs exemptions for the *oblast*, which led to the annulment of a large number of international contracts, in effect scrapping the FEZ privileges. Later, the regional leadership again succeeded in swaying Yeltsin in favour of creating a Special Economic Zone (SEZ). But the following years saw a number of attempts from the federal centre to introduce changes and tighten controls over the SEZ, as it grew increasingly disappointed with the non-efficiency of the Zone.[313] Governor Gorbenko, who succeeded Matochkin in 1996, pursued an isolationist policy. He was notorious for his close ties with many enterprises in the region, and for the stories of corruption attached to him. Moscow's numerous attempts to implement targeted programmes to develop Kaliningrad did not bear much fruit as the regional government that was entrusted with implementing the programmes was lacking in expertise and professionalism.[314] Even as late as March 2001, Moscow still continued to take pains to prevent the Kaliningrad region from taking advantage of its location and engaging with neighbouring states behind its back. Foreign Minister Igor Ivanov said:

> …it is necessary by common efforts to cut short bad faith attempts - and they, unfortunately, persist - to conduct affairs with the Kaliningrad region in circumvention of the federal centre. It cannot be allowed that in questions of development of the external ties of the region somebody should be able to disturb the Russian power vertical [sic], to disunite and oppose us to each other.[315]

Moscow's protective view of the region, focused on traditional security concerns coupled with the shift towards isolationism, had its effects – a deteriorating socio-economic situation in Kaliningrad, and worsening relations with neighbouring countries. According to Kaliningrad Regional Duma official Alexander Songal, cooperation with the Baltic Sea

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[313] *Ibid.*, p. 168

[314] Sander Huisman, *A New European Union Policy for Kaliningrad*, Occasional Papers No 33, European Union Institute for Security Studies (Paris: March 2002), p. 10., see also *ibid.*, p.165-168

[315] Igor Ivanov (2001) Speech at a Meeting with the Leaders of the Kaliningrad Region on March 8, 2001. Speech available at http://www.ln.mid.ru/

area in general, and with neighbouring territories in particular, was drastically reduced.[316] For more than two years, from the autumn of 1996, the issue of the impact of EU enlargement on the Kaliningrad *oblast* disappeared from the agenda of the region's executive authorities. A plan of activities proposed by the MFA representatives to the Gorbenko administration, including a number of specific steps aimed at establishing a dialogue between all the interested parties in the region and actions to be taken in the framework of the PCA, was simply not taken seriously. The only issue that attracted all parties' attention was the possibility of establishing public representation for Kaliningrad in Brussels. This project, however, fell apart due to disagreement over the selection of representatives.[317]

Putin's accession to power saw the beginning of regional administrative reform, and the introduction of large administrative regions, supervised by presidential envoys, aimed at strengthening federal authority over the regions. The Kaliningrad *oblast'* became a part of the so-called North-Western Federal District (NWFD) with its centre in St Petersburg. The centralisation of power was intended, it was argued, to harmonize local and federal laws, make the Federation more coherent, manageable, and fight corruption and organised crime.[318] What the effect of this administrative reform will be with regard to the regional authorities' freedom for cross-border cooperation and contacts with foreign partners is still a matter for debate.

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316 Alexander Songal, 'Kaliningrad Oblast: Towards a European Dimension', in *The EU and Kaliningrad. Kaliningrad and the Impact of EU Enlargement*, ed. by Baxendale, James, Stephen Dewar, David Gowan (London: Federal Trust for Education and Research, 2000).
317 *Ibid.* pp. 109-110.
318 Sergounin, 'EU Enlargement and Kaliningrad'. p. 174.

The election of Putin's favourite, former Admiral of the Baltic Sea Fleet Vladimir Yegorov, in November 2000, as Kaliningrad's new governor was widely seen as a promising development for the region. Yegorov was perceived as a welcome alternative to the corrupt and anti-reformist leadership of Gorbenko. The Admiral enjoys support in Moscow and from members of the Matochkin administration. The new governor supports developing various subregional schemes of cooperation. He has called the *oblast'* a "laboratory for working out new forms of cooperation between Russia and the European Union".[319] At the same time, Yegorov is viewed as a pragmatist and a defender of Russian national interests, opposing further NATO enlargement and fighting against potentially harmful effects of EU enlargement. His administration played a key role in establishing Kaliningrad's position on Schengen, EU enlargement and the Northern Dimension.[320] In general, since Putin's accession to power, Russia and the EU have moved towards more substantial and institutionalised cooperation. Kaliningrad has also become a more frequent feature of bilateral dialogue, especially in light of EU enlargement. In its 1999 *Medium Term Strategy towards the EU*, Moscow called for, amongst other things, a special arrangement for Kaliningrad and suggested the *oblast* should be seen as a 'pilot region' in the development of EU-Russian relations.[321]

In light of some of the constraints outlined above, it would be over-optimistic to expect Russia's Kaliningrad *oblast* to have developed sophisticated and wide-ranging relations with its neighbours. The wider context of 'cool' Russian-Polish political relations during the larger part of the 1990s, coupled with economic weakness in both Kaliningrad and the Polish *voevodships* bordering it has inevitably restricted regional and cross-border

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[319] *Rossiiskaya gazeta*, 16 March 2001, p. 6

[320] Sergounin, 'EU Enlargement and Kaliningrad', p. 175.

[321] 'Strategiya Razvitiya Otnoshenii Rossiiskoi Federatsii s Evropeiskim Soyuzom na Srednesrochnuyu Perspektivu (2000-2010 gg.)', *Diplomaticheskii vestnik*, No. 11 (1999), pp. 20-28, see especially section 8.4.

cooperation. It is not surprising, therefore, that, despite the signing of a number of intergovernmental agreements, treaties and 'understandings' on the subject throughout the 1990s, little has been achieved in practice. As one Polish researcher somewhat emphatically summed things up – "there is no co-operation! It is all empty words!"[322]

There is little evidence in open sources of successful outcomes of official agreements and plans for cooperation. This is especially true with respect to the pre-2000 period, when overall Russian–Polish relations were at their lowest point in post-Cold War history. For both Russia and Poland, the two regions (Kaliningrad and Northern voevodships) where the only interface between the two countries exists, unfortunately remained not only geographically, but also politically and economically peripheral. As noted above, Moscow's entrenched statist perspective on the region has prevented it from taking advantage of regional and cross-border opportunities. Similarly, the Polish government's 'Eastern policy' has also suffered from the country's overall bias towards the West, where it sought 'hard' security guarantees and economic benefits. For their part, the voevodships bordering Kaliningrad lacked financial clout and political support from Warsaw to pursue relations with the Russian *oblast*.

This, however, does not mean to say that cross-border and regional cooperation in the area did not progress beyond official exchanges and documents that signed during these meetings. A number of findings produced by researchers with a close focus on Russian and

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[322] Cited in Henry Andreasen, 'Poland, Local Co-Operation and Kaliningrad', *Russian Participation in Baltic Sea Region-Building: A Case Study of Kaliningrad*, Paul Holtom, Fabrizio Tassinari (Gdansk, Berlin: BaltSeaNet, 2002), p. 92.

Polish regional policies point towards a positive trend of growing ties and exchanges between Kaliningrad and Warminsko-Mazurskie voevodship and beyond.[323]

In the short history that Kaliningrad had as a part of the Soviet Union, contacts between the region and Poland were very limited and very formal. The first direct contacts between Kaliningrad *oblast* and the People's Republic of Poland began in 1956. Reciprocal visits between the *oblast* and Olsztyn voevodship were kept up for 35 years.[324] With administrative reforms in Poland, increasing the number of voevodships in 1975, Kaliningrad had three partner voevodships in Poland. However, Kaliningrad lost the right to cooperate with the directly bordering Suwalki voevodship, because Kaliningrad was not allowed to cooperate with regions of the Lithuanian SSR in the area.[325] With the changes of the late 1980s, in June of 1990 an agreement was reached between Kaliningrad, the Polish north-eastern voevodships and the Swedish region of Blekinge that focused on cooperation in the field of transportation, and contained plans to reconstruct the Kaliningrad-Elblag motorway and establish a regular Karlskrona-Gdyna-Kaliningrad ferry connection.[326] Former Russian Foreign Ministry representative in Kaliningrad, Yurii Rozhkov-Yurievskii, described the legacy of Soviet-era cooperation with Polish provinces as 'important for the *oblast'*.[327]

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[323] The following works provide good insights and factual evidence of Polish-Russian cooperation in the Kaliningrad region: Agnieszka Hreczuk, 'Polish-Russian Relations and Kaliningrad', *Russian Participation in Baltic Sea Region-Building: A Case Study of Kaliningrad* and Henry Andreasen, 'Poland, Local Co-operation and Kaliningrad', in *Russian Participation in Baltic Sea Region-Building: A Case Study of Kaliningrad*, edited by Paul Holtom, Fabrizio Tassinari (Gdansk, Berlin: BaltSeaNet, 2002). The following work is very useful in providing Russian perspective and analysis: Alexander A. Sergounin, Working Paper No.3. *External Determinants of Russia's Regionalization*, Project on "Regionalisation of Russian Foreign and Security Policy," Center for Security Studies and Conflict Research (Zürich: Eidgenössische Technische Hochschule, February 2001). The dedicated Russian Internet website *Rosbalt* is also useful in providing details on the matter. The Rosbalt information agency website address is http://www.rosbalt.ru

[324] Hreczuk, 'Polish-Russian Relations and Kaliningrad', p. 74.

[325] *Ibid*., p.74

[326] *Ibid*.

[327] Cited *ibid*., p. 75.

The subsequent, post-Soviet period witnessed the signing of a number of bilateral treaties. accords and agreements specific to Russian-Polish regional relations, cross-border links. and ties between Kaliningrad and Poland's north-eastern voevodships. One was the *Agreement between the Government of Poland and Russia on Trans-Border Cooperation.* In its preamble the document stated that cooperation between the regions of the two countries would "contribute to the further economic and social development of both states, in particular in the north-eastern and coastal areas of the Republic of Poland, the region of St. Petersburg, and the Kaliningrad oblast."[328] A separate agreement on cooperation between the north-eastern provinces of Poland and the Kaliningrad *oblast* was reached in May 1992.[329] This document provided for the establishment of a Joint Commission, which itself later established a Polish-Russian Council on Cooperation of Regions of the Republic of Poland with Kaliningrad *oblast'*.[330] This evolution of the institutional framework for dealing with regional cooperation was a remarkable development at a time when Polish-

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[328] The Treaty on Friendship and Good Neighbourly Relations between the Russian Federation and the Republic of Poland signed on 22 May 1992 makes a provision in article 10 of the treaty for direct contacts and cooperation between regions, administrative-territorial units and towns of the two countries, and also for the establishment of a Joint Polish-Russian Commission on Inter-regional Cooperation. An Agreement on Trans-Border Cooperation signed on 2 October 1992 between the two countries stipulated conditions under which the establishment of the above mentioned commission was to take place, it also spelled out its tasks and forms of functioning. See Ministry of Foreign Affairs, Warsaw, 'Co-Operation Between Poland and Kaliningrad *Obas't* of the Russian Federation', *Baltinfo* (http://www.baltinfo.org/Docs/ministerial/18/CSO1718feb1999-19.htm: CBSS Secretariat, 25 May 1999). See Hreczuk, 'Polish-Russian Relations and Kaliningrad', p. 76

[329] To implement the agreement, Russia and Poland appointed Plenipotentiaries of Governments. On January 28, 1993, the Council of Ministers of the Russian Federation appointed the Plenipotentiary of the Russian Government for Co-operation of Kaliningrad *oblast'* of the Russian Federation with North-eastern Provinces of the Republic of Poland (Leonid Gorbienko, Governor of the Oblast of Kaliningrad). A decree of the Polish Council of Ministers, dated March 11, 1997, instituted the office of Government Plenipotentiary for Co-operation of North-eastern Provinces of the Republic of Poland with the Kaliningrad Oblast of the Russian Federation and of Regions of the Republic of Poland with the Region of St. Petersburg. On November 12, 1998, Piotr Stachanczyk – Under-secretary of State at the Ministry of Internal Affairs and Administration - was appointed Government Plenipotentiary for Co-operation of North-eastern Provinces of the Republic of Poland with the Oblast of Kaliningrad of the Russian Federation. Details in Ministry of Foreign Affairs, Warsaw, 'Co-Operation Between Poland and Kaliningrad *Oblast'* of the Russian Federation', *Baltinfo* (http://www.baltinfo.org/Docs/ministerial/18/CSO1718feb1999-19.htm: CBSS Secretariat, 25 May 1999).

[330] The Council adopted its statute, stipulating that it is a working organ of the plenipotentiaries. The tasks of the Council include: defining programme of action, submitting to the relevant organs of the two states proposals concerning development of co-operation, and creation of legal, economic and financial conditions essential for mutually advantageous economic collaboration and invigoration of business activity in both states. The Council works out specific proposals in the form of decisions, which are adopted by consensus. *Ibid.*

Russian 'high-politics' relations were going through an 'ice age'. The Council was first chaired by Polish deputy prime minister. Goryszewski and Russian deputy prime minister Shokhin. Between 1994 and 2001 the Council held five meetings, taking a decision to hold biannual meetings starting in 2001, a decision brought about both by improvements in high-level Russian-Polish bilateral political relations, and by the elevation of the Kaliningrad problem to the forefront of the Russian-EU cooperation agenda as a result of EU enlargement.[331]

Among the issues the Council had the authority to deal with were common problems of a social, economic and ecological nature and joint applications for EU funding. The Council delegated authority to its eleven working groups, covering areas such as transportation, protection of the environment, the bay of the Baltiisk straits, economic cooperation, culture and the ability to view Polish TV in Kaliningrad *oblast'*.[332] In addition, Kaliningrad is a regular item on the agenda of the Russian-Polish Intergovernmental Commission on trade and economic cooperation, which held its fifth meeting in Warsaw in 2001.[333] Following Putin's visit to Warsaw in January 2002 a new forum was instituted *The Russian-Polish Cooperation Strategy Committee*. The first meeting was held in Warsaw in June 2002, chaired by the Russian and Polish Foreign ministers Wlodzimierz Cimoszewicz and Igor Ivanov.[334] The forum is reported to have been established with a view to 'coordinating cooperation between the two sides' and includes representatives of both governments and presidential structures.[335]

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[331] The meetings took place in Svetlogorsk (1994), Goldap (1995), Kaliningrad (1996), Gdansk (1999) and Kaliningrad (2001).
[332] Andreasen, 'Poland'. p. 98.
[333] *Ibid.*
[334] *The Warsaw Voice*, 30 June 2002, No. 26, (http://www.warsawvoice.pl/v714/News01.html).
[335] *Ibid.*

However, for reasons mentioned above, for most of the past ten years a large number of proposals and statements of intent have remained unfulfilled. No meetings of the Russian-Polish Council for Cooperation took place in the year 2000. No Russian-Polish Commission for Interregional Collaboration, provided for under the provisions of Russian-Polish Intergovernmental Agreement on Trans-border Cooperation of 2 October 1992, has been set up.[336] That said, Poland was one of the first countries to establish a Consulate General in Kaliningrad in 1992, and, there are a number of areas where cooperation has been taking place that have brought about positive results. Moreover, although the Kaliningrad *oblast* and the north-eastern voevodships of Poland do not play a highly significant role in overall Russian-Polish economic relations, Poland is a significant economic partner for Kaliningrad as both a vital supplier of products and a major export destination. As of July 2001 there were more than 400 Polish companies registered in Kaliningrad, accounting for about 16.7 percent of all companies with foreign capital in Kaliningrad *oblast*. At the same time, almost all Polish companies in Kaliningrad are of small and medium size, and the level of investment only comes up to about USD 5 million, making Poland *oblast's* fourth biggest investor with a share of 7.8 percent. Nine percent of all Polish-Russian joint ventures are located in Kaliningrad, with an estimated value of USD 48 million.[337] In terms of bilateral trade with Kaliningrad, Poland comes at the top of the league, with a total turnover with region reaching USD 294 million (up five-fold since 1994), accounting for 22 percent of Kaliningrad's overall trade turnover: in 2000 Poland's share of Kaliningrad imports reached 14.7 percent, while 30 percent of Kaliningrad's exports went to Poland.[338]

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[336] Zbigniew Kruzinsky, 'Interregional and Transfrontier Co-operation', *Yearbook of Polish Foreign Policy 2001* (http://www.qdnet.pl/warecka/yearbook/2001: 2001).
[337] Hreczuk, 'Polish-Russian Relations and Kaliningrad', p. 82.
[338] Data from *ibid.*, pp. 81-82 and "Russian, Polish Investors Boost Cooperation," *Rosbalt*, 7 September 2000, http://www.therussianissues.com/print/994421789.html

As one researcher into Poland-Kaliningrad cross border cooperation has noted, examples of such cooperation are limited, which does not mean that they do not exist, and a lot of it does not get registered on paper.[339] However, documented examples of successful cooperation projects do exist, such as those between Kaliningrad and the Polish Warminsko-Mazurskie voevodship capital Olsztyn. The two cities have been twinned and are involved in more than 30 registered projects, events and contact plans in such areas as local government, business and tourism, culture, science, civil society, police and border police, assistance in tracing relatives lost during and after the Second World War, and the local media. The two cities view the development of relations between their business communities and increasing the number of contacts between small and medium sized companies as their priority.[340]

Other stories of successful cooperation include Kaliningrad's ties with the cities of Gdynia and Gdansk in Pomorskie province. Gdansk and Kaliningrad municipalities signed an agreement on cultural and economic cooperation in 1993. However, little cooperation has been in evidence since. The exception was USD3000 financial assistance given by Kaliningrad city to Gdansk in the summer of 2001 after serious flooding. A far more successful cooperation record was achieved by Gdynia and Kaliningrad in areas such as economic development, administrative support, environment, energy, health care, social services, education and NGO relations.[341] The two cities formally began cooperation in 1994, which developed into a twinning agreement in 1997. Cooperation takes place within two spheres: 'formalised cooperation', for instance within the 'Baltic' Euro-region, and institutional cooperation, between local governments regarding targeted areas (such as

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[339] Andreasen, 'Poland', p. 102.
[340] *Ibid.*, pp. 102-103.
[341] Information provided by the Pomorskie Department of International Affairs (Departament Współpracy Miedzunarodowej) quoted *ibid.*, p. 104.

fishing for example). Gdynia-Kaliningrad municipal cooperation prioritized direct contacts between agencies of public administration, organisations and businesses in the areas of production, trade, culture, education and protection of environment.[342] In the aftermath of the August 1998 financial crisis in Russia, Gdynia city donated almost €26 thousand worth of humanitarian aid to Kaliningrad city. Anti-tuberculosis medicines were donated to a Kaliningrad kindergarten in December 1997.[343]

As noted above, the Polish north-eastern territories and Kaliningrad are members of the 'Baltic' Euroregion, which also cover selected regions of Latvia, Lithuania and Sweden. Within this framework, the Polish and Russian cities successfully carried out a practical seminar on the theme 'United against Drugs', in which civil servants, police officers, social workers and NGOs from the Euroregion took part. The project was highly valued by the Baltic Sea States Sub-regional Cooperation (BSSSC) organisation and was nominated the best example of cross-border cooperation at the BSSSC Conference in Riga held in October 2001.[344] The Polish Ministry of the Economy expressed its interest in joining a Russian-Lithuanian pilot project on training business executives. The programme also envisaged training border guards and customs and regional administrative personnel.[345]

Poland and Russia also started to make use of various multilateral fora in the Baltic area as an additional venue for bilateral contacts. During the 10th anniversary gathering of the Council of Baltic Sea States (CBSS), held under the Russian chairmanship in Svetlogorsk, Kaliningrad region, in March 2002, the Polish, Lithuanian and Russian delegations met to discuss the future of the Kaliningrad region. Polish Prime Minister Leszek Miller presented

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342 Andreasen, 'Poland', p. 105.
343 *Ibid*., p 105.
344 *Ibid.*
345 Gojska-Gdula, 'Co-Operation in the Baltic Sea Region'.

a 29-point "Kaliningrad Package". The Polish proposals related to economic projects in the energy sector, participation in the construction of a thermal power plant in Kaliningrad, modernisation and construction of roads, bridges and viaducts, cooperation in shipbuilding, processing industries, trade and services and telecommunications, and establishing Warsaw-Kaliningrad flights by LOT Polish airlines.[346]

2001 saw an increase in Russian-Polish contacts in the Kaliningrad-Warminsko-Mazurski border region and also in wider Polish interest in the Russian exclave. The Polish government sees development of cooperation with the Kaliningrad region as justified by *raison d`état*.[347] Due to its large trade deficit with Russia, the Polish government supports enterprises interested in developing mutual trade and investment in the Kaliningrad region. In January 2001, Kaliningrad hosted a Business Forum for Russian and Polish entrepreneurs, at which the Polish Deputy Prime Minister stated that his government intended to do its best to promote economic contacts between Russia and Poland in general, and principally through the Kaliningrad region. In a similar vein, President Putin suggested that further economic cooperation would be a good base for Russian-Polish economic relations.[348]

Intensification of Russian-Polish contacts and their focus on the Kaliningrad *oblast*, commendable as it may be from the point of view of enhancing regional security and overcoming the almost decade long alienation of Moscow and Warsaw, has increasingly been overshadowed by concern over Kaliningrad's future within the EU's borders.

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[346] *The Warsaw Voice*, 17 March 2002, No. 11 (699). (http://www.warsawvoice.pl/v699/News08.html), as of 06 October 2002, only one of the 29 Polish proposals – LOT flights Warsaw-Kaliningrad has been implemented. This has become the only foreign airline operating in Kaliningrad. Poland still waits for Russia's response to the other proposals. See *The Warsaw Voice*, 6 October 2002, No. 40 (728). (http://www.warsawvoice.pl/v728/News02.html).

[347] Kruzinsky, 'Interregional and Transfrontier Co -operation'.

[348] Hreczuk, 'Polish-Russian Relations and Kaliningrad', p. 82.

Russia's view, that is the dominant view from Moscow, has also been distorted by an apparent misperception that the effects of Poland's joining the EU will be repeated in the case of Lithuania. Although the two countries will eventually close the EU ring around the Russian exclave, the two countries play different geoeconomic roles in the life of Kaliningrad. One of them, and the most divisive, is that of permitting or hampering continued free passage of people and goods between Kaliningrad *oblast'* and the rest of Russia.

On the question of Poland and Lithuania's accession to the Schengen regime, that creates free internal borders and therefore common external borders, Russia's position has been persistently negative. Russia is opposed to having its citizens' right to travel between Kaliningrad and great Russia dependent on a foreign country.[349] Without considering the difference between the purposes the two neighbouring countries serve for Kaliningrad, Moscow makes similar demands for maintaining visa-free travel and right of passage for Russian citizens through the territories of both Poland and Lithuania.

As analysts from Poland's Centre for East European Research have correctly argued in their aptly titled report "Seven Myths about the Kaliningrad Topic", and as Polish officials repeated, Poland does not serve as a main transit route between Kaliningrad and the rest of Russia while Lithuania does.[350] From Warsaw's point of view, for Russian citizens entering the Polish territory is nothing more than travel to a foreign country and a transit to other EU countries. Based on this logic, Poland is going ahead with the introduction of

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[349] Arthur Kuznetsov, 'Rasshirenie ES i Kalningradskaya Oblast', *MEiMO*, No. 2 (February 2001), pp. 104-109.
[350] *RosBalt*, 19 July 2002, (http://rosbalt.ru/news/58355.html).

visas on July 1, 2003.[351] Nevertheless, the Polish authorities are promising to make sure that the visas do not become barriers on Poland's borders: 'we want visas to be cheap, with multiple entries and long-term'.[352] Warsaw also offered Moscow the possibility of visa privileges for students and the elderly.[353] Seeing visa flexibility as the only way of addressing the changes on the Polish-Kaliningrad border and stopping the descending 'Brussels curtain' or 'Paper Curtain' that is being put in place from creating new dividing lines in Europe, both the Polish leadership and various more forward looking representatives of Kaliningrad called for Moscow to reciprocate by making changes to its visa regime. As Poland's Foreign Minister complained, Warsaw wants Moscow's reciprocity in this question – currently a visa for Russian citizens to travel to Poland costs USD5, whereas Russia charges Polish citizens USD60 for a Russian visa.[354] Deputy Chair of Kaliningrad *oblast* Duma Sergey Kozlov accused the Federal government of double standards. According to Kozlov the Russian MFA in theory supports the region, but in practice makes it hard for foreigners to get a visa to travel to Kaliningrad. Such a practice brings income to the MFA, but hinders regional development.[355] This episode points to the difficulties that lie ahead in changing Russia's position on opening up borders and benefiting from regional and cross border cooperation. Moscow seems inclined to slip into an entrenched position based on an unfinished process of nation-building and excessive reliance on state control as a means to safeguard sovereignty and territorial integrity.

While emphasizing the importance of taking Russia-EU relations to the level of strategic partnership, Moscow tried to encourage a more flexible EU approach to the Kaliningrad

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[351] *The Warsaw Voice*, 6 October 2002, No. 40 (728). (http://www.warsawvoice.pl/v728/News02.html)
[352] *Ibid.*
[353] *Ibid.*
[354] *Trud*, 08 September 2002, p. 4.
[355] *Kaskad*, 12 October 2002, p. 4.

problem and Schengen rules. In his reference to Kaliningrad, while emphasising Moscow's concerns, Putin stated that:

> Russia intends to continue with its step-by-step approach towards deepening relations with the European Union, which gradually take the form of strategic partnership. The main aim of such a partnership is moving towards a Europe without dividing lines, and this presumes Russia's integration into a common European economic, legal and humanitarian space. It is obvious that to achieve this aim both Russian and EU citizens should have the right to free movement within this territory.[356]

As a long-term objective President Putin put forward the goal of establishing visa-free travel between Russia and the EU.[357] It remains to be seen whether the Russian proposal is a real vision of relations with the EU in the long-term or part of a bargaining strategy – to ask for the impossible in order to win concessions that would be acceptable to both sides seeking a short-term objective, namely settling the Kaliningrad problem. Russia certainly raised the stakes substantially in its dealings with the EU. While emphasising the importance of the EU for Russia and its desire to see a resolution to the Kaliningrad problem acceptable to both sides, Putin declared, "This is a most important political question. On its resolution depends not only the future of Kaliningrad region as an integral part of the Russian Federation, but also to a significant degree the future vector of our relations with the enlarging EU."[358] By announcing that the nature of Russia-EU relations will depend on how the Kaliningrad problem is resolved, Moscow seemed to be using the same tactic that it employed during the talks on NATO enlargement, which resulted in signing of relatively declaratory Russia-NATO Founding Act. However, in the case of Kaliningrad Moscow risked taking itself into a political dead-end, with consequences much more serious than hurt national pride. The Russian authorities either refused to accept or did not realise the position of Brussels on the *acquis communautaire*. Some Russian

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[356] *Trud*, 29 August 2002, p. 2.
[357] *Ibid.*
[358] *Ibid.*

analysts suggested, however, that Putin's visa proposal was not made in the expectation that it would be accepted by the EU. Timofei Bordachev, from Carnegie Moscow Centre, and Andrei Piontkovskii, head of the Moscow-based Strategic Research Centre, saw in Moscow's 'EU-Russia free visa travel' proposal a way to retreat from the Kaliningrad issue, in which Russia is seen to be playing a losing game, without losing face. Bordachev explained that Moscow was attempting "to move relations with the EU from the state of scandal surrounding the problem of Kaliningrad to a long-term, slow process of negotiations on the problem of non-visa status [for all Russian citizens], which can drag on for years."[359] Piontkovskii agreed, and added further that Putin's proposal was largely meant for domestic consumption, as the Russian public sees itself "on the losing end" of visa negotiations with the EU. The Russian public does not want Kaliningraders to receive special visa status, which might encourage separatism in the exclave. Therefore, Putin's proposal is seen in his view as a way of placating the Russian public both in Kaliningrad and in 'great Russia', by giving an impression that some progress is being made in visa negotiations.[360]

In public Russia continued to press for special arrangements and visa exemption for Russian citizens wishing to travel between the two parts of Russia. In July 2001 Moscow called for quadrilateral dialogue between Russia, the EU, Poland and Lithuania on the Kaliningrad issue.[361] However, talking about the idea a year later, Russian Foreign Minister Ivanov complained that no progress was being made.[362] Some analysts, however, saw a degree of insincerity in Russia's position on the Schengen regime. Their explanation

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[359] Valentinas Mite, "EU: Analysts Say Russia Needs Reforms Before It Can Win Visa Concessions," *RFE/RL*, 3 September 2002.
[360] *Ibid.*
[361] *Diplomaticheskii vestink,* No. 7, July 2001 (online edition).
[362] *Izvestia*, 10 July 2002, p. 1.

for Russia's entrenched position on special transit arrangements for its citizens either in the form of visa exemptions or 'sealed high speed trains' was that a large number of Kaliningraders are military personnel, who according to Russian laws are not allowed to possess international travel documents and would therefore be excluded from easy and accessible means of land travel between the two parts of Russia.[363] While Kaliningrad's neighbours and the EU are concerned about crime, illegal migration, environmental problems and the spread of AIDS in the *oblast*, Russia is more worried about preventing Kaliningrad from creating a precedent for Russia's disintegration.[364] Russia's stance, once again, demonstrates the tendency on its part to put 'hard' security considerations before more pressing issues of a soft security nature facing, in this instance, Kaliningrad. Even in the field of regional cooperation, the purpose of Russia's regions (including Kaliningrad) having external relations was not "a conscious attempt at gaining access to global networks, but was seen as an 'anti-crisis strategy".[365] External economic relations of the regions, therefore, are being monitored by the Kremlin mainly with unease, overshadowed by worries about the fragmentation of Russia.

Both Russia and the EU find themselves in a seemingly irreconcilable situation over the future travel and transit rights of Russian citizens in Kaliningrad. Poland wants its citizens to benefit from EU internal freedom of travel under the Schengen regime and does not want to compromise its chances of EU membership by conceding to Russian demands.[366] The future of Kaliningrad hinges on what look like irreconcilable positions and different visions on the part of the EU and Russia as to how to deal with the *oblast*. The position of

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[363] Vladimir Baranovsky, *Russia's Attitudes Towards the EU: Political Aspects* (Kauhava: Ulkopoliittinen instituutti, Institut für Europäische Politik, 2002), p. 151.
[364] *Expert*, No. 23, 17 June 2002, pp. 14-20.
[365] Makarychev, *Islands of Globalization*, p. 12.
[366] *Trud*, 09 August 2002, p. 4.

Poland and Lithuania is that while they do not want to spoil their relations with Russia. for obvious reasons they side with the EU.

Implementation of the Schengen regime by Poland and Lithuania could further aggravate Kaliningrad's economic and societal situation as the costs of cross border cooperation become prohibitive. These informal business networks connecting Kaliningrad's economy with its European neighbours that worked as 'built-in stabilisers' are threatened by the introduction of strict controls over the movement of people and goods. As soon as these changes take place, the *oblast*, some Russian analysts warn, could plunge into severe crisis.[367] Kaliningrad fears that its neighbours would not be able or might not be willing to devote much attention to cooperation with the *oblast* once they have joined the EU, in part due to the fact that both Kaliningrad and its neighbours have inadequate administrative and technical capacities to operate in the new environment.[368] One might expect an exacerbation of Kaliningrad's feeling of isolation and even increasing feelings of hostility towards Lithuania and Poland, as even land travel, the most affordable means of travel for an average Russian, will depend on the Polish or Lithuanian authorities. The sense of geoeconomic isolation in Kaliningrad did not come about simply as a result of EU enlargement plans. Yet the feeling of isolation will only grow if Kaliningrad's position is not taken into account; this applies both to the EU and the Russian leadership. As we have seen, the two do not view Kaliningrad from the same vantage point, and this in turn affects the character of Russia-EU, Russia-Poland dialogue on the subject.

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[367] Natalia Smorodinskaya, *Kaliningrad Exclave: Prospects for Transformation Into a Pilot Region* (Moscow: Institute of Economics, Russian Academy of Sciences, 2001), p. 12.
[368] Sander Huisman, *A New European Union Policy for Kaliningrad*, Occasional Papers No 33, European Union Institute for Security Studies (Paris: March 2002), p. 11.

The EU tends to see the Kaliningrad region, as Chris Patten, the EU commissioner for external relations, put it, as Russia's 'hell-hole' in the middle of Europe.[369] The EU wants to help the Russian *oblast*, and not just from altruistic motives: "Kaliningrad suffers from organised crime, pollution, illegal drugs circulation and a poor health system," and it is not in the European Union's interest to have such a 'menace' on its doorstep.[370] Brussels' readiness to help, however, is only focused on the consequences of the problems Kaliningrad is facing, not on their roots. Russian observers see the order of EU priorities with respect to Kaliningrad as, 1) nuclear waste, utilisation of submarines; 2) environment and health – AIDS and tuberculosis; 3) criminal activities – drug trafficking, illegal migration; and in the last place; 4) economic development.[371] This approach partly reflects of course, the EU's concern not to upset Russian sensitivities about territorial integrity. For the same reason EU spokesmen time and again emphasise that Moscow is solely responsible for the *oblast's* future.[372]

Moscow, for its part, does admit that Kaliningrad *oblast* needs special attention in the economic sphere. However the recently adopted *Federal Economic Policy Concept for Kaliningrad region*, although seen as relatively liberal in that it provides for reducing the scope for bureaucratic discretion in Kaliningrad – simplified registration procedures for enterprises, simpler screening of investment projects – is counterproductive in the opinion of some Russian observers. The *Concept* is seen as a concession to traditional local interests groups that call for both 'freedom and money'.[373]

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[369] *The Guardian*, 7 April 2001.
[370] *Nezavisimaya gazeta,* 19 January 2001.
[371] Smorodinskaya, *Kaliningrad Exclave*, p. 12.
[372] Hiski Haukkala, *Two Reluctant Regionalizers? The European Union and Russia in Europe's North*, Programme on the Northern Dimension of the CFSP, Working Papers, No. 32 (Helsinki, Berlin: Ulkopoliittinen instituutti, Institut für Europäische Politik, 2001), p. 19.
[373] *Ibid.*, p. 10-11.

Russia's politically and economically determined inability to address the problems facing Kaliningrad, coupled with EU enlargement is threatening to further widen the gap in economic development and living standards between Kaliningrad and its neighbours. Lithuania and Poland receive huge financial support from Brussels to bring their economies up to the EU average standard - €8 billion a year for Poland and €1 billion for Lithuania. The Kaliningrad *oblast* on the other hand is promised only €3-3.5 million a year through the TACIS programme.[374] The unequal starting position of the two regions in the early 1990s and disproportionate financial assistance and investments has already produced a significant lag in economic development. With Poland and Lithuania in the EU, and Kaliningrad's 'hell hole' image not improved, the *oblast'* could still cause serious problems for all concerned – Russia, the EU, and neighbouring countries.

The new leadership in both Moscow and Kaliningrad has recently become more pro-active in addressing Kaliningrad issues at the Russia-EU high level forum. As already noted, in response to the EU Common Strategy on Russia, Moscow prepared its own *Medium Term Strategy for development of relations with the EU*, in which it called for making Kaliningrad *oblast* a 'pilot region of the RF in terms of Russia-EU cooperation in the 21st century'.[375] Omitting any specific details as to how this could be achieved, Russia called for more funding and support from the EU to address socio-economic disparities between the Russian exclave and bordering EU candidate member-states.[376] Both Russia and the

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[374] *Ibid.*, p. 9.
[375] Sylvia Gurova, '"EU/Kaliningrad: Future Aspirations"', in *The EU and Kaliningrad. Kaliningrad and the Impact of EU Enlargement*, ed. by Baxendale, James, Stephen Dewar, David Gowan (London: Federal Trust for Education and Research, 2000).p. 120
[376] Sergounin, 'Russia and the European Union'., p. 152

EU agreed during the May 2001 Russia-EU summit that Kaliningrad's problems should be dealt with within the Northern Dimension initiative.[377]

Russia's cooperation with Poland in solving Kaliningrad's problems has been rather haphazard and reflected economic weaknesses, both of the Russian exclave and the Polish *voevodships,* in addressing some of the problems. Lack of progress was also due to the poor legal basis on which such relations could be built. Moreover, all Kaliningrad's external activities are conducted with Moscow's approval, whereas its Polish counterpart, Warminsko-Mazurskie *voevodship,* has more autonomy in pursuing cross-border cooperation.[378] Russian-Polish cooperation and involvement in Baltic Seas State regional initiatives, as demonstrated above, remains at a very low level. As one analyst noted, Warsaw's efforts within the Northern Dimension are very meagre compared with the zealous approach taken by Vilnius.[379]

Although Warsaw's position on Kaliningrad and the adoption of the Schengen rules remains intractable, the Polish authorities have promised to make sure that the visas do not become barriers on Poland's borders.[380] Tadeusz Iwinski, international policy advisor to the Polish Prime Minister, revealed that Warsaw discussed with Moscow the possibility of introducing visa privileges for students and the elderly.[381] In this respect, the revival of Kaliningrad-Polish relations is notable and perhaps reflective of the wider trends towards

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[377] Olga Potemkina, 'Rashirenie i novye granitsy Evropeiskogo Soyuza: Problemy i vyzovy dlya Rossii', *Materialy Konventa "10 Let Vneshnei Politiki Rossii"* (Moscow: June 2002).
[378] Huisman, *A New European Union Policy for Kaliningrad.* p. 33.
[379] *Ibid.*, p. 33. Lithuania and Russia drew up a list of projects specific to Kaliningrad: modernisation of a transport route from Kaliningrad to Kaunas, construction of a second gas pipe between Kaliningrad and Lithuania, various environmental projects, cooperation in dealing with natural disasters; establishment of a Eurofaculty in Kaliningrad State University and a student exchange programme; cooperation in the fight against AIDS; establishment of a business information centre; and modernization of border crossings. For more information see Lyndelle D. Fairlie, *The EU's Northern Dimension and Kaliningrad* (Royal Military Academy, Sandhurst: The Conflict Studies Research Centre, 1999), p. 10.
[380] *Ibid.*
[381] *Ibid.*

improving Russian-Polish relations with the accession to power of Putin. In September 2001, the Kaliningrad authorities and the leaders of the Warminsko-Mazurskie voevodship pledged to jointly develop border crossings and access to roads on both sides, and seek assistance from the EU. According to Warminsko-Mazurskie Governor Zbignew Babalski the border crossing would stimulate cross-border economic development across the 230 km long Kaliningrad-Polish border.[382] For the moment, however, Poland's main interest in the Kaliningrad region is developing economic and trade relations in order to improve its trade balance with the Russian Federation.

To sum up this section of the chapter, the Kaliningrad *oblast* presents a very serious problem for both Russia and Poland. EU enlargement and Poland's prospective membership of the Union are already bringing a whole new dimension to Russian-Polish relations. The problems facing Kaliningrad are the product not just of its Soviet legacy but also of the ongoing process of foreign policy adjustment in Moscow that is shaped by internal developments and the evolution of its perception of the world beyond. As was seen above, EU enlargement, although complicating Kaliningrad's problems further, brought an international spotlight on the *oblast*, highlighting ongoing tensions in Russia's perspectives on its place and role in Europe. Importantly for this study, the EU has become a catalyst of sorts in forcing the Russian and Polish leadership to seek jointly answers to problems that already exist and might potentially worsen if left unaddressed. However, this rapprochement has been hampered by lingering suspicion, misperception and plain lack of clear views on Russia's part as to what role Poland plays in the life of the region. Russia has once again demonstrated a tendency to talk down to CE states and to alienate them in the process. Russia's lack of vision and old mode of thinking might lead to it having a

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[382] *PAP*, 19 September 2001, FBIS-EEU-2001-0919

bitter lesson to learn. After all, Poland and other CE states' full members of the EU will help determine the organisation's relations with Russia and its CFSP towards Russia. Poland, for one, considers itself to be among the 'best experts on the East'.[383]

Conclusion

This chapter demonstrates how Russian-CE relations have developed in the 'soft' security area over the last decade. The main focus of the chapter has been on the evolution of economic relations between Russia and CE and the role the EU has played (as an external influence on the Russian-CE security complex) in forcing changes to the quality and character of these ties.

As the chapter considered some of the main aspects of Russian-CE relations in the economic sphere, it became obvious that the energy dimension stands out prominently as the key element. CE's dependence on Russia as its principal energy supplier, Russia's dependence on energy exports as the main national budget contributor, coupled with the rocky track-record of Russia-CE political relations gave the energy dimension a disproportionately large importance in determining the overall character of bilateral ties. As the security of energy supplies has wider implications for security and stability, it is not surprising that Russia-CE energy ties became increasingly politicised throughout the 1990s. Lingering suspicion of each other, arising from the legacy of the past strongly informed the perceptions of the two sides. As the chapter has shown, however, this does not mean to say that CE presented a uniform region with similar characteristics across the board. For various political and economic reasons, both internal and external to the states in question, Russia encountered varying degrees of readiness to cooperate. Poland, as one

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[383] *The Warsaw Voice*, 6 October 2002, No. 40 (728). (http://www.warsawvoice.pl/v728/News02.html)

of the biggest economies in the region and an important transit route for Russian gas, had, perhaps, the most complicated and politicised dialogue with Russia in the energy sector. Slovakia under the Meciar leadership, on the other hand, proved to be a more pliant partner. Russia's position in Slovakia's energy market was not affected, for example, by the political changes in the country. As we have seen, the EU played a important part in improving Russia's image in the region in this respect: Russia's intensified dialogue with the EU, especially in the energy sphere, had a calming effect on the CE states. The EU's policy of making Russia a strategic partner in providing energy security made the CE countries more confident in their dealings with Russia.

In terms of trade links, Russia and the CE states remain important partners. Of course, bilateral trade has significantly changed from the last days of the CMEA, with both sides redirecting their trade flows towards the EU. However, as has been pointed out on a number of occasions on these pages, Russia-CE's structural dependence on energy trade still makes them important trading partners. Not surprisingly then, Russia's exports overwhelmingly consist of energy and raw materials, whereas CE predominantly exports agricultural products to Russia. Such an import/export structure has led to CE accumulating a worryingly high negative trade balance with Russia. Russia, on the other hand, is concerned about the decreasing share of finished goods and machinery in its exports to the CE region. Yet all attempts to improve the structure of exports come up against economic weakness on both sides. In Russia, CE trade is hampered by the poor legal base and economic infrastructure, coupled with competition from stronger Western players. In CE, Russia faces increasingly more stringent quality standards adopted in line with EU laws that Russian exporters find hard to match.

As the chapter demonstrated, EU enlargement is bringing qualitative changes to Russia-CE economic relations, and more than ever before is a key external factor affecting Russia-CE security relations. For most of the 1990s, for mainly political reasons, Russia tended to prefer EU enlargement to that of NATO. However, as CE's membership in the EU comes closer and the effects of CE's integration with the EU begin to manifest themselves. Moscow becomes more aware of the underlying problems that the process might bring for Russia. Kaliningrad, as we have seen, has become the centre of Russia-EU-CE dialogue in the past two years. As was demonstrated earlier in the chapter, along with Kaliningrad becoming a 'litmus test' for Russia-EU and Russia-Poland relations, it has turned out to be a test of Russia's more general foreign and security policy orientation. Russia's response to the Kaliningrad problem has been a mixture of returning to old tactics of threats and demands on the one hand, and pursuing dialogue with all parties involved on the other. Such an approach caused a degree of irritation among some Poles, for instance, who, despite a marked improvement in bilateral political relations with Russia over the last two years or so, remain very sensitive towards Moscow's tendency of talking down to them or overlooking them altogether.

Compared with the most of the 1990s, the accession of President Putin to power in Moscow heralded a marked shift towards a more economically determined foreign policy, complemented by warming relations with the West in general and Central Europe in particular. However, partly because Russian-CE relations in the last decade were marked by a great number of problems, both economic and political, and partly because Russian foreign and security policy underwent a shift towards a more Realist approach in the wake of NATO enlargement and the Kosovo crisis, the transition towards a more trusting relationship and open ties with the West is slow moving, despite President Putin's declared

goal of bringing Russia closer to Europe. Nevertheless, the progress made in the last three years towards getting Russia out of self-isolation politically, improving relations with the CE states and establishing a more structured and substantial dialogue with the EU is beyond question.

Conclusion

This thesis has analysed Russia's relations with the states of Central Europe throughout the last decade with regard to two key security sectors– military-political and economic. The evolution of Russian-CE relations in these fields has been affected and conditioned by a range of factors both internal and external to Russia and individual states of CE, and also by the evolution of the total external environment comprising Russia-CE security complex. As was indicated in Chapter 1, central to this analysis of relations between Russia and the CE states has been the pattern of amity-enmity, which emerges from historical and cultural interactions, past and current relations, elite and public perceptions. As we have seen in Chapters 3 and 4, mutual perception did have a considerable effect on the character of bilateral relations and reactions to each other's foreign and security preferences. Along with perceptions, the thesis shows how the growing weight of economic factors in Russian foreign policy played a key role in the evolution of Russia's perspectives towards Central Europe.

It was inevitable that the collapse of the Soviet bloc, its military and economic structures, and the dissolution of the Soviet Union would among its other far-reaching consequences, transform not only relations between Russia and the West but also Moscow's ties with the former 'fraternal' states in Central Europe. The future of Russian-CE relations in the aftermath of these dramatic changes, be it in the economic or the political sphere, was however not immediately predictable. Nor was much consideration given to the place of these states in Russian foreign and national security policy. Given the circumstances and the exhilarated expectation of natural partnership with the West among relevant leaders of the first post-Soviet Russian government, it

was hardly surprising that the former 'allies' were given little attention in Russian foreign policy. Indeed, at the time when one of Russia's major challenges was to deal with the consequences of the divorce from its empire and adjust to its new status as the successor to the Soviet Union, fostering ties with the developed world to help its transformation, relations with Central Europe occupied a low place on the immediate agenda.

Similarly, the states of Central Europe, led by governments that came to power on the basis of opposition to Soviet controlled local regimes, set out to re-direct their countries' national security and foreign policy towards integration with the West, an almost complete about face from Moscow. Russia's promotion of a new image as an entity different entirely from its Soviet predecessor – one basing its actions on universal democratic and human values – failed to impress many in Central Europe. The dramatic history of relations during the Cold War era left a heavy mark on the way the CE nations continued to perceive Russia.

Thus, as has been shown, Russian-CE relations during the initial stage of post-Cold war transformation were marked by rapidly growing distance. In practical terms it meant that official exchanges rarely went beyond the ritual signing of ineffective new state treaties of friendship and cooperation. In the area of economic relations, contacts were drastically reduced, and there was, for example, a steep decline in bilateral trade. The impact of the collapse of the CMEA trading system on the two sides was not equal, however. Because of the CE states' strong structural dependence on Russian energy supplies, despite a noticeable fall in the volumes of gas and oil imported, these states continued to purchase large quantities of both from Russia. This structural

dependence protected Moscow from drastic fluctuations in its exports to the region. For CE, however, the transition to world prices for imported energy and payments in cash represented an economic shock. In addition, Russia easily found substitutes for goods traditionally imported from Central Europe, substitutes that were often cheaper and of better quality. Another factor that increased differentiation between Russia and the CE region was the latter's rapid economic reorientation towards the West as part of an effort to reform its economies, and other polices undertaken as part of a long-term strategy of integration with the European Union and the West in general.

As has been noted at various points in the preceding chapters, Russia's lack of attention to Central Europe, even during what became known in post-Soviet history as the 'romantic period' of relations with the West, despite their shared history, smacked to some observers of residual super-power arrogance. For Moscow these states were too small and unimportant, it seemed, in its grand project of integration with the West. Despite their own exclusive preoccupation with the West, for Central Europeans, Russia's almost complete neglect of the region in its vision of European post-Cold War security betrayed an unreconstructed vision of the world and their countries in particular.

Internal political developments in Russia in the first years of its post-Soviet existence – the rise of conservative and neo-Communist political forces, failing economic reforms, violent conflict in Chechnya and the shift towards traditional 'great power' rhetoric – gave greater urgency to CE aspirations towards membership of NATO. This combination – growing anti-Westernism in Russia and the increasing determination of Central Europeans to join the transatlantic military alliance – had a predictable

outcome for Russian-CE relations. As we have seen, during the second (1994-1997) phase of Russian foreign policy, characterised by the promotion of a "consensus" on the key parameters of Russian national security and foreign policy based on a return to "great power" rhetoric, relations between Russia and the three states of Central Europe entered a period of controlled mutual antipathy.[1] This antipathy was supported by revived perceptions of Russia in the CE states as an unreconstructed Soviet empire, in particular with regard to its dealings with former Soviet bloc states.

The approach Russia adopted when it was confronted by the possibility of NATO moving closer to its borders was again reminiscent of old attitudes in so far as Moscow attempted to negotiate the fate of the CE states above their heads, negotiating directly with the key Western powers. The consequences of this approach, as we have seen, were manifold. Whereas Russian resistance to CE membership in the North Atlantic Alliance was based fundamentally on Moscow's fear of isolation in Europe – denial of an equal voice on the future of European security its reaction to the prospect of NATO enlargement propelled the CE region to the fore of Russian foreign policy priorities. The elevation of the region in Russian security considerations, within the framework of opposition to NATO expansion, seemed to reflect, however, on a straightforward geopolitical reading of the situation. Russia's threats of "adequate response", even though not supported by adequate resources, played into the hands of CE supporters of NATO enlargement. Russia's policy of negotiating with NATO over the heads of the CE states, further increased alienation between Moscow and the CE region. Thus as part of Russia's policy of anti-NATO enlargement, Central Europe became one of the key concerns of Russian national security and foreign policy. These concerns and the

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[1] Russian-Slovak relations during this period [1994-1997], for many reasons illuminated upon in chapters 3 and 4, profoundly different to Russia's relations with the other three states – Poland, the Czech Republic and Hungary.

policies undertaken to address them, as we have seen, failed to take into account the thinking behind the CE states' policies and thus failed to produce positive results. The policy that Russia adopted towards CE, itself aimed at addressing its security concerns and attempting to dissuade countries in the region from joining NATO, failed on many fronts. The repeated offers of security guarantees to be given to CE either by Russia and the West, or by the West alone, as an alternative to full membership in NATO, were flatly rejected by CE governments. On the whole, then, and quite predictably, Russia's explicit treatment of the countries in the region as objects of Moscow's anti-enlargement campaign, and not as equal partners, resulted in a further alienation of Central European states from Russia.

As was pointed out in Chapter 1, despite underlying similarities in their policies towards Russia, the states of Central Europe exhibited some differences: Poland and the Czech Republic were the most distanced from Russia with a strong measure of anti-Moscow sentiment underlying their policies. Hungary followed a more measured "return to Europe" policy, careful not to cause too big a rift with Moscow. Perceptions, as we have seen, have played different roles in the case of different states, and the level of enmity has varied. It was inevitable, in the light of the post-World War II history of Moscow's relations with CE nations that antagonism and distrust of Russia would become more strongly embedded in some countries than in others. Russian-Slovak relations, of course, have also been influenced by historically formed perceptions. However, we have seen that a number of other factors explain the warmth of Bratislava's ties with Moscow during the Meciar era.

This warmth contrasts with the general coolness of Moscow's ties with the other three CE states, especially during the second stage of Russian foreign policy. As was explained in Chapters 3 and 4, the "abnormal" degree of closeness between the two states at the time was largely due to the internal characteristics of Meciar's rule in Slovakia, in particular his economic power base and the general economic situation in the country. Good bilateral relations and uncharacteristically close ties between Moscow and Bratislava came to an end, after all, with the arrival of the new government in Slovakia in 1998. Bratislava's renewed policy of integration with NATO and the EU ensured that Slovakia began to have similar kinds of relations with Moscow as the other CE states.

The 'loss' of Slovakia in 1998 coincided with the arrival of the third phase of Russian foreign policy. This period, as we have seen, was one of the most difficult in Moscow's relations with the West and, by extension, with Central Europe. The new period of coolness was brought about by the start of the Kosovo crisis in which NATO "invaded" Yugoslavia despite Russia's strong opposition. This crisis started almost at the same time as the three new NATO members, Poland, Hungary and the Czech Republic, joined the alliance. Once again, Russia's political relations with the CE states deteriorated as Moscow put its ties with NATO on ice. These events threatened to worsen Russia-CE relations beyond anything seen before in bilateral relations. Indeed, for a period one could observe an almost complete lull in high-level official exchanges and derogatory commentary in the Russian media about the CE states' subservient relations with the West.

The hiatus in high level political relations, however, did not mean that Russian-CE relations in other spheres were completely neglected. Although the coolness in bilateral relations and what was seen in CE as Moscow's unconstructive stance on European security slowed up the building of the legal foundations for economic cooperation and did not help in the task of promoting a positive image of Russia, economic cooperation nevertheless moved ahead. As has been argued, Russia's strong position as an energy supplier and the importance of the CE area as a vital transit route to Western Europe were the key factors behind the resilience of Russian-CE economic cooperation. In addition, the long standing debt issue and CE states' persistent attempts to expand imports to the Russian market to level out trade imbalances played a part in stabilising some otherwise rocky bilateral relationships.

However, there was another side to the picture. The very dependence of CE on Russia, mixed with growing misgivings about the future direction of Russian policy, taken in the context of historically-based unfading negative perceptions, tended to provoke additional frictions. After all, in thinking about international relations, the topics of energy supply, economic security and political influence are frequently closely intertwined. In the highly charged climate of Russian-CE relations the energy-security connection took on additional urgency, and it was not surprising that Russian-CE energy trade was vulnerable to the political volatility of bilateral relations. In a situation where CE was striving for integration with NATO and the EU it was natural and predictable that the states of region would desire to escape overwhelming dependence on Russian oil and gas. The Czech Republic and Hungary in particular, despite Moscow's protests, succeeded in diversifying their energy supplies to some extent. Despite strong domestic opposition, Poland, on the other hand, deepened

energy cooperation with Russia, agreeing to construct a major 'Yamal' gas pipeline across its territory, connecting Russian gas destined for Gazprom customers in Western Europe. The construction of the pipeline was not without controversy. Russia's position was strengthened, as we have seen, by support from its economic partners in the EU as well as the EU's own support for developing deeper long-term relations with Russia in the energy sector. The EU's commitment to establishing meaningful economic relations with Russia, for example through the *Energy Dialogue*, had a positive effect on stabilising Russian-Polish relations, not least by helping it to alleviate concerns in Warsaw about the threat of Russian domination of the Polish energy market. The positive influence of Russian-EU cooperation in calming CE states' anxieties about Russia's persistent economic influence is a good example of the growing salience of economic factors in regional relationships. For this reason we may conclude that successful Russian-EU relations have been crucial to improvements in Moscow's relations with CE. The joint participation of West European and Russian economic actors in various projects in Central Europe, for example, turned out to be very effective in addressing lingering suspicions aroused by Russia's economic presence. Examples were analysed in Chapter 4 – joint Russian-German-French participation in the Slovak gas sector privatisation, as well as the 'Yamal' pipeline construction across Poland. Such collaboration, if continued in future with EU backing, could arguably bring about a gradual change of perception of Russia in the region and encourage CE states to expand their own economic cooperation with Russia, thereby positively contributing to the improvement in the political climate.

In Moscow, the trend towards a more economically determined foreign policy has been particularly evident since the arrival of the new president at the end of 1999. The

prominence given to economic factors has allowed Russian foreign policy to become more rational and realistic. It has eased the restoration of ties with NATO and the West, in particular with the EU, giving these ties more practical context. Russia's engagement with Europe promises to bring greater stability and predictability in Russian foreign policy. Although most would agree that Putin's long-term vision of Russia is still that of great power, and that the underlying strategy thus remains unchanged, the tactics by which this objective is to be achieved have certainly changed, as the evidence presented in this thesis helps to confirm.

It seems that this change has been brought about by a shift in policy-makers' thinking, based on an understanding that international weight is directly dependent on economic strength. The new phase in Russian foreign policy, which began after Putin's accession, had a positive effect on Russian-CE relations, as we have seen. Interaction with the states of the region has intensified. Ties are characterised by a more pragmatic, business-like approach, less likely to be disturbed by political controversy.

Although the argument could be made in terms of economic determinism, and Russian security and foreign policy thinking and writing gives some support to such interpretation. These changes have undoubtedly been helped by the arrival of a new generation of leaders in Russia. Relatively free from Soviet/imperial nostalgia, the current leadership, largely pro-Western (or at least Western-centric, as suggested by Bobo Lo[2]) finds it easier to compromise and achieve common ground with its counterparts in the West and Central Europe in particular. Such generational change means that mutual perceptions also likely to be fresher and less hostile, bringing about

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[2] Bobo Lo, *Russian Foreign Policy in Post-Soviet Era. Reality, Illusion and Mythmaking* (Basingstoke and New York: Palgrave Macmillan, 2002).

a positive shift in balance of the enmity-amity pattern in CE-Russian relations. As our close examination of Russia's stance on the Kaliningrad region's issue related to EU enlargement demonstrated, of course, some of the old tactics and perceptions have turned out to be quite durable. Similarly, even in the atmosphere of improving relations, opinion polls show that Central Europeans are still wary of Russia's economic presence.[3]

The terrorist attacks on the USA on 11th September 2001, and their consequences, gave a further boost to Russia's rapprochement with the West and NATO in particular. Following the improvements in Russia-US relations, Russia and NATO expanded their cooperation, agreeing to establish a more meaningful partnership, using a new NATO-Russia Council, in which Russia was granted a greater say in matters relating to such new common threats as international terrorism. Yet again, however, in a further demonstration of the intractability of perceptions, even as many Western nations welcomed closer ties with Russia, many CE states expressed their concern about giving Moscow too much influence in the alliance's decision-making.

What is important, however, is that Russia and the CE states have left the most difficult epoch in their post-Soviet history behind. Completion of the most dramatic and sensitive changes – NATO enlargement, and Russia's grudging acquiescence to further growth of the alliance – opened the way to a new era in Russia-CE relations. The increasing role of economic factors in determining Russian foreign policy, along with improvements in Russia's relations with the West in general, with NATO and

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[3] An opinion poll published in a Polish paper and quoted in Russia's *Pravda* showed that 51 percent of Poles are seriously worried about Russian large companies' investments in the Polish economy. 60 percent of those polled expressed fear of economic dependence on Russia, while 32 percent explained their concern by fear of "dirty money" and Russian money or the re-emergence of Russian political influence. See *Pravda on-line*, 03 October 2002. http://english.pravda.ru/economics/2002/10/03/37647.html

with the EU, send positive signals to the CE states. As we have seen, Russian-CE ties have already improved substantially since 2000, with greater emphasis being placed on economic issues.

Returning to the framework outlined at the beginning of the dissertation, looking at the Russia-CE security regional complex provides a useful framework through which to explore security dynamics in this constellation of states and to identify and assess changes in the pattern of regional security. Buzan's sectoral approach of security analysis, allows for a more structured study of security dynamics in a security complex – security sectors "serve to better understand a whole by highlighting some if its features".[4] The purpose of such disaggregating is to reduce the regional security complexity in order to facilitate the analysis. In the case of Russian-CE security complex the following three sectors were analysed – political, military and economic. The conscious choice made in analysing these sectors does not mean that the other two security sectors that Buzan identifies – societal and environmental – are absent in Russian-CE security complex. Omission of detailed analysis of societal and environmental aspects of security also does not mean that there is no connection between the security sectors. The highlighted security sectors were analysed to demonstrate the security dynamics between Russia and CE in the areas where the impact of insecurity and threat perception was most intense and 'visible', and where patterns of enmity-amity were most pronounced. As was observed in Chapter 1, the main value of the security complex theory is that it draws attention away from the extremes of national and global security and focuses on the region, where these two extremes interplay and where most of the action occurs. Security complex theory links

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[4] Wojciech Kostecki, *Europe After the Cold War. The Security Complex Theory* (Warsaw: Institute of Political studies, Polish Academy of Sciences, 1996), p. 51.

studies of internal conditions in states, relations among states of the region, and relations among regions, relations between regions and global powers.

A central feature for identifying a security complex is the ability of states to perceive their security as a common interdependent issue. Security perceptions coupled with other cultural, historical and geopolitical roots and relative geographical proximity are the main criteria for the identification of a security complex. The notion of *externalities* is also of great importance both in terms of determining a security complex and in the analysis of regional security dynamics.

The above criteria appear largely adequate to identify Russia and the four CE states as a security complex. Historical roots and the knowledge of the contemporary driving forces of state and regional security dynamics allowed us to identify the Russian-CE complex with relative certainty. Kostecki's elaboration of security complex definition as "a political constellation of states which is constituted by their mutual security concerns and aspirations", gives further advantages to the analysis of Russian-CE security relations based on security complex approach.[5] The notion of mutuality of security concerns and security aspirations is particularly relevant to the Russian-CE security complex, as the security complexes, as understood by Buzan and *et. al.*, are a product of not only rivalry but also of shared interests, and that they are defined not only by perceptions of common threats (real or potential) but by anticipation of future dangers as well.[6] And as the thesis highlighted, expression of expectations and aspiration of the states in Russia-CE security complex played a significant role in driving the security dynamics and informing their perceptions and security policies.

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[5] *Ibid.*, pp. 31-32.
[6] *Ibid.*, p. 36.

Russia-CE region is united by many of the above aspects: it is an area of major political, military and economic transformations. The epochal changes, political and economic, and international ambitions and hopes, their incompatibility, coupled with the legacy of the past that informs their perceptions and formation of security policies both towards each other and outside this region - bind Russia and CE in a security complex.

As Barry Buzan points out, regional security complexes come much closer to reflecting the operational environment of national security than do higher levels abstractions.[7] Furthermore, the regional security complex approach helps to capture the security dynamics and the interdependence operating in a region with relation to their impact, both internally and externally, on states and societies. In addition, it allows the examination of the security relations that exist within the region as well as explains the intricate consequences and intermeshing of the different security sectors throughout a set period of time. Such methodological foundation allows us to analyse the security managements adopted or to be adopted by the security complex actors. This thesis looked specifically at Russia's management of its security relations with the four other members of the security complex – Poland, the Czech Republic, Slovakia and Hungary between 1991 and 2001, across three sectors – military, political and economic.

The military security, as defined by Buzan, concerns with the two level interplay of the armed offensive and defensive capabilities of states, and states' perceptions of each other's intentions. Thus, in Russian-CE security complex, the military sector analysis

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[7] Barry Buzan, *People, States and Fear: an Agenda for International Security Studies in the Post-Cold War Era.*, 2nd edn (Boulder: Lynne Rienner Publishers, 1991), p. 146.

dealt with arms control and confidence building measures (CTE, OSCE), examination of the military nature of threat perception by both Russian and CE elites. The role of NATO and CE's desire to join it did play a major part in the evolution of Russia`s military defence policy. Various other external influences, related to NATO enlargement, but relevant to a wider European security environment – the Balkans and the Baltic area – featured prominently in Russian-CE security complex. All these were examined against a wider background of enmity-amity pattern of relations that informed their perceptions and policies.

In the centre of political sector is the interplay of concerns about the organisational stability of states, system of government and the ideology. In Russian-CE security complex, these factors played prominently and are linked to the painful process democratic transformation in both Russia and CE states after decades of totalitarian control. The impact of these changes in the political climate on relations in the region provided an important foundation of the security dynamic. Russia's agonizing evolution as a democratic state reflected negatively on CE's perception of the country. Russia's compromises between the old and the new political elements helped to endure old perceptions in CE.

The economic aspect of relations highlighted the security aspect of economic interdependence in a regional security complex. Given the enmity dominated pattern of relations, such security interdependence proved to be highly politicised/securitised. Energy interdependence, especially in the gas sector, stands out in Russian-CE economic security. However, such a high degree of interdependence proved to be useful in promoting positive changes in Russian-CE relations. The involvement of

external actors – the EU and individual European states – was crucial in bringing changes to Russian economy and related practices and positively altering CE's security perceptions of Russia.

Turning back to an overall evolution of Russia-CE relation in years between 1991 and 2001, evaluation of changes in enmity/amity pattern is informing. If the original pattern of Russia-CE relations at the beginning of the period under investigation was characterised by apathy and lack of mutual interest, then towards the middle of the last decade these relations shifted towards a predominance of enmity. A prolonged period of bitter disagreements over major issues connected with conflicting visions of the future of European security not only had a negative impact on the regional security atmosphere, but caused division in the overall European security debate. Having gone through major institutional re-adjustments and a crisis in European security, Russian-CE relations began to improve, however, towards the end of the 1990s. These changes we have attributed both to the conclusion of institutional changes in Europe, and a remarkable improvement in Russia's ties with the rest of the West, which in turn were fostered by internal changes in Russia and modification of its foreign policy, and the September 11th events in the United States. Thus we have a picture of positive changes in Russia-CE relations being promoted by internal changes within those states and in the international environment. In turn, the shift towards a more constructive and amicable pattern of relations between Russia and the CE states makes the overall security environment in Europe more positively stable, predictable and durable.

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